



**bhm cpa group, inc.**  
CERTIFIED PUBLIC ACCOUNTANTS

---

NORTH CENTRAL ACADEMY  
SENECA COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED JUNE 30, 2023-2022

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OHIO AUDITOR OF STATE  
KEITH FABER



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Board of Directors  
North Central Academy  
928 W Market St, Suite B  
Tiffin, OH 44883

We have reviewed the *Independent Auditor's Report* of North Central Academy, Seneca County, prepared by BHM CPA Group, Inc., for the audit period July 1, 2021 through June 30, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

January 29, 2024

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*North Central Academy  
Seneca County  
For the Years Ended June 30, 2023 and 2022  
Table of Contents*

<u>TITLE</u>	<u>PAGE</u>
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis – For the Fiscal Year Ended June 30, 2023 .....	4
<b>Basic Financial Statements – For the Fiscal Year Ended June 30, 2023:</b>	
Statement of Net Position.....	8
Statement of Revenues, Expenses and Changes in Net Position.....	9
Statement of Cash Flows .....	10
Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2023.....	12
Management’s Discussion and Analysis – For the Fiscal Year Ended June 30, 2022 .....	20
<b>Basic Financial Statements – For the Fiscal Year Ended June 30, 2022:</b>	
Statement of Net Position.....	24
Statement of Revenues, Expenses and Changes in Net Position.....	25
Statement of Cash Flows .....	26
Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022.....	28
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	36

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**INDEPENDENT AUDITOR'S REPORT**

North Central Academy  
Seneca County  
928 West Market Street  
Tiffin, Ohio 44883

To the Board of Directors:

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the financial statements of the North Central Academy, Seneca County, Ohio (Academy), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the North Central Academy, Seneca County, Ohio as of June 30, 2023 and 2022, and the changes in financial position and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Academy, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Emphasis of Matter***

As discussed in Note 3 to the 2022 financial statements, during 2022, the Academy adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academy's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academy's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



**Required Supplementary Information**

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.



BHM CPA Group, Inc.  
Piketon, Ohio  
December 29, 2023

**NORTH CENTRAL ACADEMY  
SENECA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The management's discussion and analysis of North Central Academy (the "Academy") financial performance provides an overall review of the Academy's financial activities for the fiscal year ended June 30, 2023. 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 the financial statements to enhance their understanding of the Academy's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2023 are as follows:

- In total, net position decreased \$88,824 which represents a 34.89% decrease from June 30, 2022.
- The Academy had operating revenues of \$911,452, operating expenses of \$1,333,649, non-operating revenues of \$336,564, and non-operating expenses of \$3,191 during fiscal year 2023. The total change in net position for the year was a decrease of \$88,824.

**Using these Basic Financial Statements**

This annual report consists of three parts, management's discussion and analysis, the financial statements and the notes to the financial statements. These statements are organized so the reader can understand the Academy's financial activities. The *statement of net position* and *statement of revenues, expenses and changes in net position* 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 Position, Statement of Revenues, Expenses, and Changes in Net position and the Statement of Cash Flows***

These documents look at all financial transactions to determine how well the Academy has performed financially through June 30, 2023. 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 will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These statements report the Academy's *net position* and changes in that position. This change in net position tells the reader whether, for the Academy's 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.

The statement of cash flows provides information about how the Academy finances and meets the cash flow needs of its operations.

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

**NORTH CENTRAL ACADEMY  
SENECA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The table below provides a summary of the Academy's net position at June 30, 2023 and June 30, 2022.

	<b>Net Position</b>	
	<u>2023</u>	<u>2022</u>
<b><u>Assets</u></b>		
Current assets	\$ 178,167	\$ 260,848
Capital assets, net	<u>114,154</u>	<u>145,535</u>
Total assets	<u>292,321</u>	<u>406,383</u>
<b><u>Liabilities</u></b>		
Current liabilities	77,395	54,888
Non-current liabilities:		
Lease payable - noncurrent	<u>49,197</u>	<u>96,942</u>
Total liabilities	<u>126,592</u>	<u>151,830</u>
<b><u>Net Position</u></b>		
Net investment in capital assets	17,212	2,258
Restricted	14,088	26,202
Unrestricted	<u>134,429</u>	<u>226,093</u>
Total net position	<u>\$ 165,729</u>	<u>\$ 254,553</u>

Over time, net position can serve as a useful indicator of the Academy's financial position. At June 30, 2023, the Academy's net position totaled \$165,729.

Current assets represent cash held in a depository account, receivables and prepayments. The decrease was primarily the result of a decrease in cash. Capital assets decreased due to depreciation and amortization on capital assets.

Current liabilities represent accounts payables for purchased services and intergovernmental payables. Non-current liabilities decreased as a result of payments on leases.

The statement of revenues, expenses, and changes in net position show the cost of operating expenses and the revenues offsetting those services. The table on the following page shows the total amount of operating and non-operating expenses and the revenues associated with those expenses for the year.

**NORTH CENTRAL ACADEMY  
SENECA COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

The table below shows the changes in net position for fiscal years 2023 and 2022.

	<b>Change in Net Position</b>	
	2023	2022
<b><u>Operating Revenues:</u></b>		
State foundation	\$ 601,009	\$ 559,933
State foundation - special education	302,143	375,325
Sales	5,632	1,765
Other	2,668	28,635
Total operating revenue	911,452	965,658
<b><u>Operating Expenses:</u></b>		
Purchased services	1,235,598	1,232,539
Materials and supplies	36,490	88,472
Other	11,375	15,825
Depreciation/amortization	50,186	49,018
Total operating expenses	1,333,649	1,385,854
<b><u>Non-operating Revenues (Expenses):</u></b>		
Federal and State grants	336,564	372,578
Interest and fiscal charges	(3,191)	(4,920)
Total non-operating revenues (expenses)	333,373	367,658
Change in net position	(88,824)	(52,538)
Net position at beginning of year	254,553	307,091
Net position at end of year	\$ 165,729	\$ 254,553

The revenue generated by community schools is heavily dependent upon per-pupil allotment given by the State Foundation program. Foundation and special education payments were 72.36% of total operating and non-operating revenues during fiscal year 2023. Purchased services comprise 92.65% of operating expenses during fiscal year 2023.

The purchased services increased \$3,059 from fiscal year 2022. The Academy operates using purchased services contracted with North Central Ohio Educational Service Center (the "ESC").

The Academy's Federal and State grants consisted of the State Foundation Program through the Ohio Department of Education, the Federal IDEA Part B grant, the Federal Title I grant, and the Improving Teacher Quality Title II-A grant, Title VI-A Student Support and Academic Enrichment grant, the School Quality Improvement grant, the American Rescue Plan (ARP) Elementary and Secondary School Emergency Relief (ESSER) grant, Ohio Attorney General School Safety Grant, Expanding Opportunities for Each Child grant and the Network Connectivity grant.

**NORTH CENTRAL ACADEMY  
SENECA COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**Capital Assets**

At June 30, 2023, Academy had \$114,154 invested in furniture, fixtures and equipment and an intangible right to use asset, net of accumulated depreciation/amortization. For more information on capital assets, see Note 5 to the basic financial statements.

	<u>2023</u>	<u>2022</u>
<b><u>Capital assets, net of depreciation/amortization</u></b>		
Furniture, fixtures, and equipment	\$ 19,797	\$ 3,999
Intangible right to use asset	<u>94,357</u>	<u>141,536</u>
Total net position	<u>\$ 114,154</u>	<u>\$ 145,535</u>

**Debt Administration**

At June 30, 2023, the Academy had \$96,942 in leases outstanding. Of this total, \$47,745 is due within one year and \$49,197 is due in more than one year. See Note 6 to the basic financial statements.

**Current Financial Related Activities**

The mission of the Academy is to impact the lives of our students in a positive, safe, and supportive manner by teaching them the core values of teamwork, accountability, discipline, and respect for themselves and others. Fiscal year 2023 is the Academy's 14<sup>th</sup> year of operations as an at-risk school serving students in grades 6-12.

The primary challenge today is the uncertainty of future funding. Over the last few years, the administration has made an effort to seek out grant funding to aid with providing new programming opportunities for the students and faculty. The Mental Health and Recovery Services Board of Seneca, Sandusky and Wyandot Counties has provided grant funding to help off-set the costs of a mental health counselor. Receipt of the School Quality Improvement Grant has allowed the Academy to re-evaluate programs and put in place new initiatives to aid in improving student performance. The impact of these grants has had a positive but temporary impact on the financial health of the Academy. The fluctuation of the State of Ohio community school funding method, which bases monthly foundation on daily enrollment records of our "at-risk" students, make it a constant challenge to meet the needs of our Academy.

Pursuant to a Sponsorship Agreement, the North Central Ohio ESC provides all personnel to the Academy under a purchased service contract. In addition, the Sponsor reserves the right to provide such additional local resources as are necessary to reasonably ensure the operational viability of the Academy, including but not limited to: staff, equipment, instructional materials, curriculum, transportation, insurance coverage, and educational strategies as determined to be appropriate by the Sponsor, in the Sponsor's sole discretion.

**Contacting the North Central Academy's Financial Management**

This financial report is designed to provide a general overview of the North Central Academy 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 Lynette Cameron, Treasurer, North Central Academy, 928 W. Market Street, Tiffin, Ohio 44883.

**NORTH CENTRAL ACADEMY  
SENECA COUNTY**

STATEMENT OF NET POSITION  
JUNE 30, 2023

<b>Assets:</b>	
Current assets:	
Cash	\$ 154,441
Receivables:	
Intergovernmental	19,783
Prepayments	3,943
Total current assets	178,167
Non-current assets:	
Depreciable capital assets, net	114,154
Total assets	292,321
<b>Liabilities:</b>	
Current liabilities:	
Intergovernmental payable	29,408
Accrued interest payable	242
Lease payable - current	47,745
Total current liabilities	77,395
Non-current liabilities:	
Lease payable - noncurrent	49,197
Total non-current liabilities	49,197
Total liabilities	126,592
<b>Net position:</b>	
Net investment in capital assets	17,212
Restricted for:	
Public school support	2,646
Locally funded programs	56
State programs	44
Federal programs	1
Other purposes	11,341
Unrestricted	134,429
Total net position	\$ 165,729

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTH CENTRAL ACADEMY  
SENECA COUNTY**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

<b>Operating revenues:</b>	
State foundation	\$ 601,009
State foundation - special education	302,143
Sales	5,632
Other	2,668
Total operating revenues	911,452
 <b>Operating expenses:</b>	
Purchased services	1,235,598
Materials and supplies	36,490
Other	11,375
Depreciation/amortization	50,186
Total operating expenses	1,333,649
 Operating loss	 (422,197)
 <b>Non-operating revenues (expenses):</b>	
Federal and state grants	336,564
Interest and fiscal charges	(3,191)
Total nonoperating revenues (expenses)	333,373
 Change in net position	 (88,824)
 <b>Net position at beginning of year</b>	 254,553
<b>Net position at end of year</b>	<b>\$ 165,729</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTH CENTRAL ACADEMY  
SENECA COUNTY**

STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

<b>Cash flows from operating activities:</b>	
Cash received from State foundation	\$ 894,161
Cash received from sales	5,632
Cash received from other operations	2,668
Cash payments for contractual services	(1,217,696)
Cash payments for materials and supplies	(35,433)
Cash payments for other expenses	(11,351)
	(362,019)
<b>Cash flows from noncapital financing activities:</b>	
Cash received from federal and state grants	340,876
	340,876
<b>Cash flows from capital and related financing activities:</b>	
Interest and fiscal charges	(3,307)
Principal retirement on lease payable	(46,335)
Acquisition of capital assets	(18,805)
	(68,447)
Net change in cash and cash equivalents	(89,590)
<b>Cash and cash equivalents at beginning of year</b>	244,031
<b>Cash and cash equivalents at end of year</b>	\$ 154,441
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss	\$ (422,197)
Adjustments:	
Depreciation/amortization	50,186
Changes in assets and liabilities:	
Prepayments	(2,430)
Materials and supplies inventory	200
Intergovernmental receivable	(8,991)
Accounts payable	(1,100)
Intergovernmental payable	22,313
Net cash used in operating activities	\$ (362,019)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



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**NORTH CENTRAL ACADEMY  
SENECA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 1 - DESCRIPTION OF THE ACADEMY**

The North Central Academy (the “Academy”) is a non-profit corporation established pursuant to the Ohio Revised Code Chapters 1702 and 3314 to address the needs of “at-risk” students aged 11-21 in grades 6-12. The Academy 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 for sponsorship under contract resolution on May 14, 2010 with North Central Ohio Educational Service Center (the “Sponsor”) for a period of two years commencing on July 1, 2010 with automatic renewals for successive one-year terms.

Pursuant to the Sponsor’s authority under Section 3314.08(G) of the Ohio Revised Code to provide the Academy with services. The Sponsor has a signed contract agreement with the Academy that includes all purchased services including a licensed Treasurer, staff, therapists, etc. The Sponsor shall evaluate the performance of the Academy according to the standards set forth in the Assessment and Accountability Plan. The Sponsor is not legally responsible for the final outcome of the community school.

The service contract for fiscal year 2023 between the Academy and the Sponsor was also approved. In agreement with the contract, the Academy shall utilize certain resources converted to the Academy’s use by the Sponsor including, but not limited, to portions of the Sponsor’s facilities, staff, equipment, instructional materials, curriculum and educational strategy, as determined to be appropriate by the Sponsor, at the Sponsor’s sole discretion. The price for services rendered by the Sponsor to the Academy is established as the Sponsor’s cost of providing such services plus an agency fee. All personnel providing services to the Academy on behalf of the Sponsor under the service contract are considered employees of the Sponsor and the Sponsor shall be solely responsible for all payroll functions. The Academy pays up to a 3 percent sponsorship fee for oversight and monitoring.

**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's significant accounting policies are described below.

**A. Basis of Presentation**

The Academy’s basic financial statements consist of a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows.

Enterprise reporting focuses on the determination of the change in net position, 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 position. The statements of revenues, expenses and changes in net position present increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the Academy finances and meets the cash flow needs of its enterprise activities.

**C. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the basic financial statements. The Academy’s basic financial statements are prepared using the accrual basis of accounting.

**NORTH CENTRAL ACADEMY  
SENECA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

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

Nonexchange transactions, in which the Academy receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the 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.

Grants and entitlements received before the eligibility requirements are met are recorded as deferred inflows of resources. Expenses are recognized at the time they are incurred.

**D. Deferred Outflows of Resources and Deferred Inflows of Resources**

In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

**E. Budgetary Process**

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Section 5705, unless specifically provided in the Academy's contract with its Sponsor. The contract between the Academy and its Sponsor requires a detailed school budget for each year of the contract; however, the budget does not have to follow the provisions of Ohio Revised Code Section 5705.

**F. Cash**

Cash held by the Academy is reflected on the statement of net position. Investments with an original maturity of three months or less at the time they are purchased are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months are reported as investments. During fiscal year 2023, the Academy had no investments. All monies received by the Academy are deposited in a demand deposit account.

**G. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items on the statement of net position. These items are reported as assets on the statement of net position using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expense is reported in the year in which services are consumed.

**H. Inventory**

Inventories are presented at the lower of cost or market on a first in, first out basis and are expensed when used. Inventories consist of expendable supplies held for consumption.

**NORTH CENTRAL ACADEMY  
SENECA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

**I. Capital Assets**

All capital assets are capitalized at cost and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their fair market value on the date donated. During fiscal year 2023, the Academy maintained a capitalization threshold of \$1,000. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. All capital assets are depreciated/amortized. Depreciation/amortization is computed using the straight-line method. Building improvements, furniture, fixtures and equipment, and intangible right to use assets are depreciated/amortized over five years. The Academy is reporting an intangible right to use asset related to a leased building. The intangible asset is being amortized in a systematic and rational manner of the shorter of the lease term or the useful life of the underlying asset.

**J. Net Position**

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its 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 amount restricted for other purposes represents amounts restricted for public school support, locally funded programs, and other purposes.

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

**K. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity. For the Academy, these revenues are payments from the State Foundation Program and sales. Operating expenses are necessary costs incurred to provide goods or services that are the primary activities of the Academy. All revenues and expenses not meeting this definition are reported as non-operating.

**L. Intergovernmental Revenue**

The Academy recently participated in the State Foundation Program through the Ohio Department of Education, the Network Connectivity Grant, the School Safety Training Grant, the Federal IDEA Part B grant, the Federal Title I grant, the Federal Title IV-A Student Support and Academic Enrichment grant, the Improving Teacher Quality Title II-A School Quality Improvement grant, the Elementary and Secondary School Elementary Relief grant, the Coronavirus Relief grant, and the Broadband Connectivity grant. Revenues from the State foundation program are recognized as operating revenue in the accounting period in which all eligibility requirements have been met. State foundation revenue for fiscal year 2023 was \$903,152. Revenues received from the remaining programs are recognized as non-operating revenues in the accompanying financial statements. 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. Federal, State and local grant revenue for the fiscal year 2023 was \$336,564.

**NORTH CENTRAL ACADEMY  
SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

**M. Estimates**

The preparation of basic 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.

**N. Accrued Liabilities**

The Academy has recognized certain expenses due, but unpaid as of June 30, 2023. These expenses are reported as accrued liabilities in the accompanying financial statements.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**Change in Accounting Principles**

For fiscal year 2023, the Academy has implemented GASB Statement No. 91, "*Conduit Debt Obligations*", GASB Statement No. 94, "*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*", GASB Statement No. 96, "*Subscription Based Information Technology Arrangements*", certain questions and answers of GASB Implementation Guide 2021-1 and certain paragraphs of GASB Statement No. 99, "*Omnibus 2022*".

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the Academy.

GASB Statement No. 94 is to improve financial reporting by addressing issues related to public-private and public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the Academy.

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The notes to the basic financial statements include the disclosure requirements under the Statement.

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on the financial statements of the Academy.

**NORTH CENTRAL ACADEMY  
SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

GASB Statement No. 99 to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the Academy.

**NOTE 4 - DEPOSITS**

At June 30, 2023, the carrying amount of the Academy’s deposits was \$154,441. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2023, the Academy’s bank balance was \$155,873. The entire bank balance was covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial credit risk is the risk that, in the event of bank failure, the Center will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Center has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the Center and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a reduced rate set by the Treasurer of State.

The Academy had no investments.

**NOTE 5 - CAPITAL ASSETS**

The Academy had the following capital asset activity for the fiscal year ended June 30, 2023:

	<u>Balance</u>				<u>Balance</u>
	<u>06/30/22</u>	<u>Additions</u>	<u>Deductions</u>		<u>06/30/23</u>
<b>Governmental activities:</b>					
<i>Capital assets, being depreciated/amortization:</i>					
Buildings and improvements	\$ 4,373	\$ -	\$ -		\$ 4,373
Furniture and equipment	137,943	-	-		137,943
Vehicles	-	18,805	-		18,805
Intangible right to use asset:					
Leased building	<u>188,715</u>	<u>-</u>	<u>-</u>		<u>188,715</u>
Total capital assets, being depreciated/amortized	<u>331,031</u>	<u>18,805</u>	<u>-</u>		<u>349,836</u>
<i>Less: accumulated depreciation/amortization:</i>					
Buildings and improvements	(4,373)	-	-		(4,373)
Furniture and equipment	(133,944)	(1,440)	-		(135,384)
Vehicles	-	(1,567)	-		(1,567)
Intangible right to use asset:					
Leased building	<u>(47,179)</u>	<u>(47,179)</u>	<u>-</u>		<u>(94,358)</u>
Total accumulated depreciation/amortization	<u>(185,496)</u>	<u>(50,186)</u>	<u>-</u>		<u>(235,682)</u>
Governmental activities capital assets, net	<u>\$ 145,535</u>	<u>\$ (31,381)</u>	<u>\$ -</u>		<u>\$ 114,154</u>

**NORTH CENTRAL ACADEMY  
SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 6 - LONG-TERM OBLIGATIONS**

During fiscal year 2023, the following activity occurred in governmental activities long-term obligations:

	Balance Outstanding <u>7/01/2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>6/30/23</u>	Amounts Due in <u>One Year</u>
<b><i>Governmental activities</i></b>					
Lease payable	\$ 143,277	\$ -	\$ (46,335)	\$ 96,942	\$ 47,745
Total long-term obligations	<u>\$ 143,277</u>	<u>\$ -</u>	<u>\$ (46,335)</u>	<u>\$ 96,942</u>	<u>\$ 47,745</u>

*Lease Payable* - The Academy has entered into a lease agreement for the use of a right to use a building. Due to the implementation of GASB Statement No. 87, the Academy will report an intangible capital asset and corresponding liability for the future scheduled payments under the lease.

The Academy has entered into a lease agreement for a building at varying years and terms as follows:

<u>Leases</u>	<u>Lease Commencement Date</u>	<u>Years</u>	<u>Lease End Date</u>	<u>Payment Method</u>
Building	2020	5	2025	Monthly

The following is a schedule of future lease payments under the lease agreements:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 47,745	\$ 2,255	\$ 50,000
2025	<u>49,197</u>	<u>803</u>	<u>50,000</u>
Total	<u>\$ 96,942</u>	<u>\$ 3,058</u>	<u>\$ 100,000</u>

**NOTE 7 - PURCHASED SERVICES**

For the fiscal year ended June 30, 2023, purchased services expenses were as follows:

	<u>Amount</u>
Professional and technical services	\$ 1,168,138
Property services	38,138
Travel and meetings	3,547
Communications	10,937
Tuition	69
Pupil transportation	13,424
Other	<u>1,345</u>
Total	<u>\$ 1,235,598</u>

**NOTE 8 - RISK MANAGEMENT**

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 contracted personnel; and natural disasters. For fiscal year 2023, the Academy was named as an additional insured party on the Sponsor's insurance policy. The Academy provides \$25,000 in employee bond coverage for the Treasurer.

**NORTH CENTRAL ACADEMY  
SENECA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 9 - CONTINGENCIES**

**A. Grants**

The Academy receives significant financial assistance from numerous federal, State and local 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 the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Academy. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the Academy.

**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. Foundation Funding**

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. However, there is an important nexus between attendance and enrollment for Foundation funding purposes. Community schools must provide documentation that clearly demonstrates students have participated in learning opportunities. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end.

Under Ohio Rev. Code Section 3314.08, ODE may also perform a FTE review for the fiscal year that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance.

As of the date of this report, additional ODE adjustments for fiscal year 2023 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2023 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the Academy.

In addition, the Academy's contracts with their Sponsor require payment based on revenues received from the State. As discussed above, additional FTE adjustments for fiscal year 2023 are not finalized. Until such adjustments are finalized by ODE, the impact on the fiscal year 2023 financial statements, related to additional reconciliation necessary with these contracts/agreements, is not determinable. Management believes this may result in either an additional receivable to, or liability of, the Academy.

**NOTE 10 - SERVICE AGREEMENT**

The Academy contracted with the Sponsor to provide oversight of its operations, commencing on July 1, 2017 and ending on June 30, 2023. All services are to be provided on a purchased service or reimbursement basis.

The Academy paid \$1,220,111 to the Sponsor for educational, fiscal and administrative services as well as rent for the fiscal year ended June 30, 2023.

**NOTE 11 - COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During fiscal year 2023, the Academy received COVID-19 funding. The Academy will continue to spend available COVID-19 funding consistent with the applicable program guidelines.



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**NORTH CENTRAL ACADEMY  
SENECA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

The management's discussion and analysis of North Central Academy (the "Academy") financial performance provides an overall review of the Academy's financial activities for the fiscal year ended June 30, 2022. 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 the financial statements to enhance their understanding of the Academy's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2022 are as follows:

- In total, net position decreased \$52,538 which represents a 17.11% decrease from June 30, 2021.
- The Academy had operating revenues of \$965,658, operating expenses of \$1,385,854, non-operating revenues of \$372,578, and non-operating expenses of \$4,920 during fiscal year 2022. The total change in net position for the year was an decrease of \$52,538.

**Using these Basic Financial Statements**

This annual report consists of three parts, management's discussion and analysis, the financial statements and the notes to the financial statements. These statements are organized so the reader can understand the Academy's financial activities. The *statement of net position* and *statement of revenues, expenses and changes in net position* 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 Position, Statement of Revenues, Expenses, and Changes in Net position and the Statement of Cash Flows***

These documents look at all financial transactions to determine how well the Academy has performed financially through June 30, 2022. 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 will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These statements report the Academy's *net position* and changes in that position. This change in net position tells the reader whether, for the Academy's 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.

The statement of cash flows provides information about how the Academy finances and meets the cash flow needs of its operations.

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

**NORTH CENTRAL ACADEMY  
SENECA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

The table below provides a summary of the Academy's net position for at June 30, 2022 and June 30, 2021.

	<b>Net Position</b>	
	<u>2022</u>	<u>2021</u>
<b><u>Assets</u></b>		
Current assets	\$ 260,848	\$ 321,223
Capital assets, net	<u>145,535</u>	<u>5,838</u>
Total assets	<u>406,383</u>	<u>327,061</u>
<b><u>Liabilities</u></b>		
Current liabilities	54,888	19,970
Non-current liabilities:		
Lease payable - noncurrent	<u>96,942</u>	<u>-</u>
Total liabilities	<u>151,830</u>	<u>19,970</u>
<b><u>Net Position</u></b>		
Net investment in capital assets	2,258	5,838
Restricted	26,202	60,707
Unrestricted	<u>226,093</u>	<u>240,546</u>
Total net position	<u>\$ 254,553</u>	<u>\$ 307,091</u>

Over time, net position can serve as a useful indicator of the Academy's financial position. At June 30, 2022, the Academy's net position totaled \$254,553.

Current assets represent cash held in a depository account, prepayments and materials and supplies inventory. The decrease was primarily the result of a decrease in cash. Capital assets increased as result of including an intangible right to use asset - leased building under GASB Statement No. 87.

Current liabilities represent accounts payables for purchased services and intergovernmental payables. Non-current liabilities increased as a result of including a lease payable for a building under GASB Statement No. 87.

The statement of revenues, expenses, and changes in net position show the cost of operating expenses and the revenues offsetting those services. The table on the following page shows the total amount of operating and non-operating expenses and the revenues associated with those expenses for the year.

**NORTH CENTRAL ACADEMY  
SENECA COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

The table below shows the changes in net position for fiscal years 2022 and 2021.

	2022	2021
<b><u>Operating Revenues:</u></b>		
State foundation	\$ 559,933	\$ 648,674
State foundation - special education	375,325	426,996
Sales	1,765	2,711
Other	28,635	15,909
Total operating revenue	965,658	1,094,290
<b><u>Operating Expenses:</u></b>		
Purchased services	1,232,539	1,186,492
Materials and supplies	88,472	79,041
Other	15,825	10,941
Depreciation/amortization	49,018	1,999
Fringe benefits	-	879
Total operating expenses	1,385,854	1,279,352
<b><u>Non-operating Revenues (Expenses):</u></b>		
Federal and State grants	372,578	301,287
Interest and fiscal charges	(4,920)	-
Total non-operating revenues (expenses)	367,658	301,287
Change in net position	(52,538)	122,584
Net position at beginning of year	307,091	184,507
Net position at end of year	\$ 254,553	\$ 307,091

The revenue generated by community schools is heavily dependent upon per-pupil allotment given by the State Foundation program. Foundation and special education payments were 70.15% of total operating and non-operating revenues during fiscal year 2022. Purchased services comprise 88.94% of operating expenses during fiscal year 2022.

The purchased services increased \$43,047 from fiscal year 2021. The Academy operates using purchased services contracted with North Central Ohio Educational Service Center (the "ESC"). This increase can be attributed to a increase in many expenses related to operating the Academy and providing personnel services to the students.

The Academy's Federal and State grants consisted of the State Foundation Program through the Ohio Department of Education, the Federal IDEA Part B grant, the Federal Title I grant, and the Improving Teacher Quality Title II-A grant, Title VI-A Student Support and Academic Enrichment grant, the School Quality Improvement grant, the Elementary and Secondary School Emergency Relief (ESSER) grant, and the Broadband Connectivity grant. Purchased service expenditures included the cost of educational services, including personnel, provided by the Sponsor.

**NORTH CENTRAL ACADEMY  
SENECA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**Capital Assets**

At June 30, 2022, Academy had \$145,535 invested in furniture, fixtures and equipment and an intangible right to use asset, net of accumulated depreciation/amortization. The capital assets at June 30, 2021 have been restated as described in Note 3. For more information on capital assets, see Note 5 to the basic financial statements.

	<u>2022</u>	<u>Restated 2021</u>
<b><u>Capital assets, net of depreciation/amortization</u></b>		
Furniture, fixtures, and equipment	3,999	5,838
Intangible right to use asset	<u>141,536</u>	<u>188,715</u>
Total net position	<u>\$ 145,535</u>	<u>\$ 194,553</u>

**Debt Administration**

At June 30, 2022, the Academy had 143,277 in leases outstanding. Of this total, \$46,335 is due within one year and \$96,942 is due in more than one year. The outstanding debt at June 30, 2021 has been restated as described in Note 3. For more information on long-term obligations, see Note 6 to the basic financial statements.

**Current Financial Related Activities**

The mission of the Academy is to impact the lives of our students in a positive, safe, and supportive manner by teaching them the core values of teamwork, accountability, discipline, and respect for themselves and others. Fiscal year 2022 is the Academy's 11<sup>th</sup> year of operations as an at-risk school serving students in grades 6-12.

The primary challenge today is the uncertainty of future funding. Over the last few years, the administration has made an effort to seek out grant funding to aid with providing new programming opportunities for the students and faculty. The Mental Health and Recovery Services Board of Seneca, Sandusky and Wyandot Counties has provided grant funding to help off-set the costs of a mental health counselor and fund an innovative prevention based theatre class elective. Receipt of the School Quality Improvement Grant has allowed the Academy to re-evaluate programs and put in place new initiatives to aid in improving student performance. The impact of these grants has had a positive but temporary impact on the financial health of the Academy. The fluctuation of the State of Ohio community school funding method, which bases monthly foundation on daily enrollment records of our "at-risk" students, make it a constant challenge to meet the needs of our Academy.

Pursuant to a Sponsorship Agreement, the North Central Ohio ESC provides all personnel to the Academy under a purchased service contract. In addition, the Sponsor reserves the right to provide such additional local resources as are necessary to reasonably ensure the operational viability of the Academy, including but not limited to: staff, equipment, instructional materials, curriculum, transportation, insurance coverage, and educational strategies as determined to be appropriate by the Sponsor, in the Sponsor's sole discretion.

**Contacting the North Central Academy's Financial Management**

This financial report is designed to provide a general overview of the North Central Academy 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 Lynette Cameron, Treasurer, North Central Academy, 928 W. Market Street, Tiffin, Ohio 44883.

**NORTH CENTRAL ACADEMY  
SENECA COUNTY**

STATEMENT OF NET POSITION  
JUNE 30, 2022

<b>Assets:</b>	
Current assets:	
Cash	\$ 244,031
Receivables:	
Intergovernmental	15,104
Prepayments	1,513
Materials and supplies inventory	200
Total current assets	260,848
Non-current assets:	
Depreciable capital assets, net	145,535
Total assets	406,383
<b>Liabilities:</b>	
Current liabilities:	
Accounts payable	1,100
Intergovernmental payable	7,095
Accrued interest payable	358
Lease payable - current	46,335
Total current liabilities	54,888
Non-current liabilities:	
Lease payable - noncurrent	96,942
Total non-current liabilities	96,942
Total liabilities	151,830
<b>Net position:</b>	
Net investment in capital assets	2,258
Restricted for:	
Public school support	3,819
Locally funded programs	657
State programs	12,591
Other purposes	9,135
Unrestricted	226,093
Total net position	\$ 254,553

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTH CENTRAL ACADEMY  
SENECA COUNTY**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

<b>Operating revenues:</b>	
State foundation	\$ 559,933
State foundation - special education	375,325
Sales	1,765
Other	28,635
Total operating revenues	<u>965,658</u>
<b>Operating expenses:</b>	
Purchased services	1,232,539
Materials and supplies	88,472
Other	15,825
Depreciation/amortization	49,018
Total operating expenses	<u>1,385,854</u>
Operating loss	<u>(420,196)</u>
<b>Non-operating revenues (expenses):</b>	
Federal and state grants	372,578
Interest and fiscal charges	(4,920)
Total nonoperating revenues (expenses)	<u>367,658</u>
Change in net position	(52,538)
<b>Net position at beginning of year</b>	<u>307,091</u>
<b>Net position at end of year</b>	<u>\$ 254,553</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTH CENTRAL ACADEMY  
SENECA COUNTY**

STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

<b>Cash flows from operating activities:</b>	
Cash received from State foundation	\$ 927,152
Cash received from sales	1,765
Cash received from other operations	41,493
Cash payments for contractual services	(1,238,145)
Cash payments for materials and supplies	(95,851)
Cash payments for other expenses	(16,167)
	(379,753)
<b>Net cash used in operating activities</b>	
<b>Cash flows from noncapital financing activities:</b>	
Cash received from federal and state grants	374,579
	374,579
<b>Net cash provided by noncapital financing activities</b>	
<b>Cash flows from capital and related financing activities:</b>	
Interest and fiscal charges	(4,562)
Principal retirement on lease payable	(45,438)
	(50,000)
<b>Net cash used in capital and related financing activities</b>	
	(50,000)
Net change in cash and cash equivalents	(55,174)
<b>Cash and cash equivalents at beginning of year</b>	299,205
<b>Cash and cash equivalents at end of year</b>	\$ 244,031
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss	\$ (420,196)
Adjustments:	
Depreciation/amortization	49,018
Changes in assets and liabilities:	
Prepayments	(1,513)
Materials and supplies inventory	(39)
Intergovernmental receivable	4,752
Accounts payable	(11,331)
Intergovernmental payable	(444)
	(444)
<b>Net cash used in operating activities</b>	\$ (379,753)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



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**NORTH CENTRAL ACADEMY  
SENECA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 1 - DESCRIPTION OF THE ACADEMY**

The North Central Academy (the “Academy”) is a non-profit corporation established pursuant to the Ohio Revised Code Chapters 1702 and 3314 to address the needs of “at-risk” students aged 11-21 in grades 6-12. The Academy 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 for sponsorship under contract resolution on May 14, 2010 with North Central Ohio Educational Service Center (the “Sponsor”) for a period of two years commencing on July 1, 2010 with automatic renewals for successive one-year terms.

Pursuant to the Sponsor’s authority under Section 3314.08(G) of the Ohio Revised Code to provide the Academy with services. The Sponsor has a signed contract agreement with the Academy that includes all purchased services including a licensed Treasurer, staff, therapists, etc. The Sponsor shall evaluate the performance of the Academy according to the standards set forth in the Assessment and Accountability Plan. The Sponsor is not legally responsible for the final outcome of the community school.

The service contract for fiscal year 2022 between the Academy and the Sponsor was also approved. In agreement with the contract, the Academy shall utilize certain resources converted to the Academy’s use by the Sponsor including, but not limited, to portions of the Sponsor’s facilities, staff, equipment, instructional materials, curriculum and educational strategy, as determined to be appropriate by the Sponsor, at the Sponsor’s sole discretion. The price for services rendered by the Sponsor to the Academy is established as the Sponsor’s cost of providing such services plus an agency fee. All personnel providing services to the Academy on behalf of the Sponsor under the service contract are considered employees of the Sponsor and the Sponsor shall be solely responsible for all payroll functions. The Academy pays up to a 3 percent sponsorship fee for oversight and monitoring.

**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's significant accounting policies are described below.

**A. Basis of Presentation**

The Academy’s basic financial statements consist of a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows.

Enterprise reporting focuses on the determination of the change in net position, 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 position. The statements of revenues, expenses and changes in net position present increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the Academy finances and meets the cash flow needs of its enterprise activities.

**C. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the basic financial statements. The Academy’s basic financial statements are prepared using the accrual basis of accounting.

**NORTH CENTRAL ACADEMY  
SENECA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

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

Nonexchange transactions, in which the Academy receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the 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.

Grants and entitlements received before the eligibility requirements are met are recorded as deferred inflows of resources. Expenses are recognized at the time they are incurred.

**D. Deferred Outflows of Resources and Deferred Inflows of Resources**

In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

**E. Budgetary Process**

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Section 5705, unless specifically provided in the Academy's contract with its Sponsor. The contract between the Academy and its Sponsor requires a detailed school budget for each year of the contract; however, the budget does not have to follow the provisions of Ohio Revised Code Section 5705.

**F. Cash**

Cash held by the Academy is reflected on the statement of net position. Investments with an original maturity of three months or less at the time they are purchased are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months are reported as investments. During fiscal year 2022, the Academy had no investments. All monies received by the Academy are deposited in a demand deposit account.

**G. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items on the statement of net position. These items are reported as assets on the statement of net position using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expense is reported in the year in which services are consumed.

**H. Inventory**

Inventories are presented at the lower of cost or market on a first in, first out basis and are expensed when used. Inventories consist of expendable supplies held for consumption.

**NORTH CENTRAL ACADEMY  
SENECA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

**I. Capital Assets**

All capital assets are capitalized at cost and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their fair market value on the date donated. During fiscal year 2022, the Academy maintained a capitalization threshold of \$1,000. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. All capital assets are depreciated/amortized. Depreciation/amortization is computed using the straight-line method. Building improvements, furniture, fixtures and equipment, and intangible right to use assets are depreciated/amortized over five years. The Academy is reporting an intangible right to use asset related to a leased building. The intangible asset is being amortized in a systematic and rational manner of the shorter of the lease term or the useful life of the underlying asset.

**J. Net Position**

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its 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 amount restricted for other purposes represents amounts restricted for public school support, locally funded programs, and other purposes.

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

**K. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity. For the Academy, these revenues are payments from the State Foundation Program and sales. Operating expenses are necessary costs incurred to provide goods or services that are the primary activities of the Academy. All revenues and expenses not meeting this definition are reported as non-operating.

**L. Intergovernmental Revenue**

The Academy recently participated in the State Foundation Program through the Ohio Department of Education, the Network Connectivity Grant, the School Safety Training Grant, the Federal IDEA Part B grant, the Federal Title I grant, the Federal Title IV-A Student Support and Academic Enrichment grant, the Improving Teacher Quality Title II-A School Quality Improvement grant, the Elementary and Secondary School Elementary Relief grant, the Coronavirus Relief grant, and the Broadband Connectivity grant. Revenues from the State foundation program are recognized as operating revenue in the accounting period in which all eligibility requirements have been met. State foundation revenue for fiscal year 2022 was \$935,258. Revenues received from the remaining programs are recognized as non-operating revenues in the accompanying financial statements. 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. Federal, State and local grant revenue for the fiscal year 2022 was \$372,578.

**NORTH CENTRAL ACADEMY  
SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

**M. Estimates**

The preparation of basic 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.

**N. Accrued Liabilities**

The Academy has recognized certain expenses due, but unpaid as of June 30, 2022. These expenses are reported as accrued liabilities in the accompanying financial statements.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**Change in Accounting Principles**

For fiscal year 2022, the Academy has implemented GASB Statement No. 87, "Leases", GASB Implementation Guide 2019-3, "Leases", GASB Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period", GASB Implementation Guide 2020-1, "Implementation Guide Update - 2020", GASB Statement No. 92, "Omnibus 2020", GASB Statement No. 93, "Replacement of Interbank Offered Rates", GASB Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32" and certain paragraphs of GASB Statement No. 99, "Omnibus 2022".

GASB Statement No. 87 and GASB Implementation Guide 2019-3 enhance the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

These changes were incorporated in the Academy's fiscal year 2022 financial statements. The Academy recognized \$188,715 in governmental activities in leases payable at July 1, 2021; however, this entire amount was offset by the intangible asset, right to use lease - equipment.

GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. GASB Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. GASB Statement No. 89 also reiterates that financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The implementation of GASB Statement No. 89 did not have an effect on the financial statements of the Academy.

GASB Implementation Guide 2020-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2020-1 did not have an effect on the financial statements of the Academy.

GASB Statement No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of GASB Statement No. 92 did not have an effect on the financial statements of the Academy.

**NORTH CENTRAL ACADEMY  
SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

GASB Statement No. 93 establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The implementation of GASB Statement No. 93 did not have an effect on the financial statements of the Academy.

GASB Statement No. 97 is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the Academy.

GASB Statement No. 99 to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the Academy.

**NOTE 4 - DEPOSITS**

At June 30, 2022, the carrying amount of the Academy's deposits was \$244,031. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2022, the Academy's bank balance was \$249,083. The entire bank balance was covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial credit risk is the risk that, in the event of bank failure, the Center will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Center has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the Center and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a reduced rate set by the Treasurer of State.

The Academy had no investments.

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**NORTH CENTRAL ACADEMY  
SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 5 - CAPITAL ASSETS**

Due to the implementation of GASB Statement No. 87 (see note 3.A for detail), the Academy has reported a capital asset for the right to use leased building which are reflected in the schedule below. The Academy had the following capital asset activity for the fiscal year ended June 30, 2022:

	Restated Balance <u>06/30/21</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>06/30/22</u>
<b>Governmental activities:</b>				
<i>Capital assets, being depreciated/amortization:</i>				
Buildings and improvements	\$ 4,373	\$ -	\$ -	\$ 4,373
Furniture and equipment	167,827	-	(29,884)	137,943
Intangible right to use asset:				
Leased building	<u>188,715</u>	<u>-</u>	<u>-</u>	<u>188,715</u>
Total capital assets, being depreciated/amortized	<u>360,915</u>	<u>-</u>	<u>(29,884)</u>	<u>331,031</u>
<i>Less: accumulated depreciation/amortization:</i>				
Buildings and improvements	(4,373)	-	-	(4,373)
Furniture and equipment	(161,989)	(1,839)	29,884	(133,944)
Intangible right to use asset:				
Leased building	<u>-</u>	<u>(47,179)</u>	<u>-</u>	<u>(47,179)</u>
Total accumulated depreciation/amortization	<u>(166,362)</u>	<u>(49,018)</u>	<u>29,884</u>	<u>(185,496)</u>
Governmental activities capital assets, net	<u>\$ 194,553</u>	<u>\$ (49,018)</u>	<u>\$ -</u>	<u>\$ 145,535</u>

**NOTE 6 - LONG-TERM OBLIGATIONS**

Due to the implementation of GASB Statement No. 87 (see Note 3.A for detail), the Academy has reported obligations for leases payable which are reflected in the schedule below. During fiscal year 2022, the following activity occurred in governmental activities long-term obligations:

	Restated Balance Outstanding <u>7/01/2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>6/30/22</u>	Amounts Due in <u>One Year</u>
<b>Governmental activities</b>					
Lease payable	\$ 188,715	\$ -	\$ (45,438)	\$ 143,277	\$ 46,335
Total long-term obligations	<u>\$ 188,715</u>	<u>\$ -</u>	<u>\$ (45,438)</u>	<u>\$ 143,277</u>	<u>\$ 46,335</u>

*Lease Payable* - The Academy has entered into a lease agreement for the use of a right to use building. Due to the implementation of GASB Statement No. 87, the Academy will report an intangible capital asset and corresponding liability for the future scheduled payments under the lease.

**NORTH CENTRAL ACADEMY  
SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 6 - LONG-TERM OBLIGATIONS - (Continued)**

The Academy has entered into a lease agreement for a building at varying years and terms as follows:

<u>Leases</u>	<u>Lease Commencement Date</u>	<u>Years</u>	<u>Lease End Date</u>	<u>Payment Method</u>
Building	2020	5	2025	Monthly

The following is a schedule of future lease payments under the lease agreements:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 46,335	\$ 3,665	\$ 50,000
2024	47,745	2,255	50,000
2025	49,197	803	50,000
Total	<u>\$ 143,277</u>	<u>\$ 6,723</u>	<u>\$ 150,000</u>

**NOTE 7 - PURCHASED SERVICES**

For the fiscal year ended June 30, 2022, purchased services expenses were as follows:

	<u>Amount</u>
Professional and technical services	\$ 1,178,995
Property services	23,222
Travel and meetings	2,274
Communications	9,558
Tuition	2,706
Pupil transportation	11,128
Other	4,656
Total	<u>\$ 1,232,539</u>

**NOTE 8 - RISK MANAGEMENT**

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 contracted personnel; and natural disasters. For fiscal year 2022, the Academy was named as an additional insured party on the Sponsor's insurance policy. The Academy provides \$25,000 in employee bond coverage for the Treasurer.



**NORTH CENTRAL ACADEMY  
SENECA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 9 - CONTINGENCIES**

**A. Grants**

The Academy receives significant financial assistance from numerous federal, State and local 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 the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Academy. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the Academy.

**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. Foundation Funding**

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. However, there is an important nexus between attendance and enrollment for Foundation funding purposes. Community schools must provide documentation that clearly demonstrates students have participated in learning opportunities. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end.

Under Ohio Rev. Code Section 3314.08, ODE may also perform a FTE review for the fiscal year that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance.

As of the date of this report, additional ODE adjustments for fiscal year 2022 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2022 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the Academy.

In addition, the Academy's contracts with their Sponsor require payment based on revenues received from the State. As discussed above, additional FTE adjustments for fiscal year 2022 are not finalized. Until such adjustments are finalized by ODE, the impact on the fiscal year 2022 financial statements, related to additional reconciliation necessary with these contracts/agreements, is not determinable. Management believes this may result in either an additional receivable to, or liability of, the Academy.

**NOTE 10 - SERVICE AGREEMENT**

The Academy contracted with the Sponsor to provide oversight of its operations, commencing on July 1, 2017 and ending on June 30, 2023. All services are to be provided on a purchased service or reimbursement basis.

The Academy paid \$821,906 to the Sponsor for educational, fiscal and administrative services as well as rent for the fiscal year ended June 30, 2022.

**NOTE 11 - COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During fiscal year 2022, the Academy received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Academy. The impact on the Academy's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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

North Central Academy  
Seneca County  
928 West Market Street  
Tiffin, Ohio 44883

To the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the North Central Academy, Seneca County, (the Academy) as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated December 29, 2023, wherein we noted the Academy adopted new accounting guidance in Governmental Accounting Standards Board Statement 87, *Leases*.

***Report on Internal Control Over Financial Reporting***

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Academy's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

***Report on Compliance and Other Matters***

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

***Purpose of This Report***

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

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and somewhat stylized.

BHM CPA Group, Inc.  
Piketon, Ohio  
December 29, 2023

# OHIO AUDITOR OF STATE KEITH FABER



**NORTH CENTRAL ACADEMY**

**SENECA COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 2/8/2024**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)