



Dave Yost · Auditor of State



**NORTH CENTRAL ACADEMY - TIFFIN  
SENECA COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

North Central Academy - Tiffin  
Seneca County  
928 West Market Street  
Tiffin, Ohio 44883-2529

To the Board of Directors:

We have audited the accompanying basic financial statements of the North Central Academy - Tiffin, Seneca County, Ohio (the Academy), 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 opinions 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 North Central Academy - Tiffin, Seneca County, Ohio, as of June 30, 2011, and changes 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 January 20, 2012, 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.

North Central Academy – Tiffin  
Seneca County  
Independent Accountants' Report  
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Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* 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.



**Dave Yost**  
Auditor of State

January 20, 2012

**NORTH CENTRAL ACADEMY - TIFFIN  
SENECA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED**

The management's discussion and analysis of North Central Academy – Tiffin's (the "Academy") financial performance provides an overall review of the Academy's financial activities 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 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 2011 are as follows:

- Net assets were \$208,015 at June 30, 2011.
- The Academy had operating revenues of \$350,925, operating expenses of \$529,432 and non-operating revenues of \$274,325. The total change in net assets for the fiscal year was an increase of \$95,818.

**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 Assets* and *Statement of Revenues, Expenses and Changes in Net Assets* provide information about the activities of the Academy, including all short-term and long-term financial resources and obligations.

**Reporting the Academy's Financial Activities**

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

These documents look at all financial transactions to determine how well the Academy has performed financially through June 30, 2011. 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 two statements report the Academy's net assets and changes in those assets. This change in net assets 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.

**NORTH CENTRAL ACADEMY - TIFFIN  
SENECA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED  
(CONTINUED)**

The table below provides a summary of the Academy's net assets for fiscal years 2011 and 2010.

	<b>Net Assets</b>	
	<u>2011</u>	<u>2010</u>
<b><u>Assets</u></b>		
Current assets	\$ 144,106	\$ 25,671
Capital assets, net	<u>108,678</u>	<u>98,537</u>
Total assets	<u>252,784</u>	<u>124,208</u>
<b><u>Liabilities</u></b>		
Current liabilities	<u>44,769</u>	<u>12,011</u>
<b><u>Net Assets</u></b>		
Invested in capital assets	108,678	98,537
Restricted	23,250	2,766
Unrestricted	<u>76,087</u>	<u>10,894</u>
Total net assets	<u>\$ 208,015</u>	<u>\$ 112,197</u>

Over time, net assets can serve as a useful indicator of the Academy's financial position. At June 30, 2011, the Academy's net assets totaled \$208,015.

Current assets represent cash, intergovernmental receivables and material and supplies inventory. Current liabilities represent accounts payable and intergovernmental payable.

The statement of revenues, expenses, and changes in net assets 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 - TIFFIN  
SENECA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED  
(CONTINUED)**

The table below shows the changes in net assets for fiscal years 2011 and 2010.

**Change in Net Assets**

	2011	2010
<b><u>Operating Revenues:</u></b>		
State foundation	\$ 300,226	\$ 456,198
Special education	37,575	61,887
Sales / charges for services	1,212	3,841
Other	11,912	52,815
Total operating revenue	<u>350,925</u>	<u>574,741</u>
<b><u>Operating Expenses:</u></b>		
Purchased services	390,840	642,471
Materials and supplies	78,386	94,342
Other	33,577	45,051
Depreciation	26,629	19,746
Total operating expenses	<u>529,432</u>	<u>801,610</u>
<b><u>Non-operating Revenues:</u></b>		
Federal and State grants	273,993	315,948
Interest income	332	42
Total non-operating revenues	<u>274,325</u>	<u>315,990</u>
Change in net assets	95,818	89,121
Net assets at beginning of period	<u>112,197</u>	<u>23,076</u>
Net assets at end of period	<u>\$ 208,015</u>	<u>\$ 112,197</u>

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 54.03% of total operating and non-operating revenues during fiscal year 2011. Purchased services comprise 73.82% of operating expenses.

The decrease in revenues relating to state foundation and federal and state grants is primarily due to the reduction in the number of students as a result of a separation and establishment of the new academy North Central Academy – Fremont (the “Fremont Academy”). In fiscal year 2010, these academies operated as one with total funding allocation based on 83 students. During fiscal year 2011, the Academy was only funded for 52 students due to the institution of Fremont Academy. This reduction in student count affected the foundation, title funds, and special education funding.

**NORTH CENTRAL ACADEMY - TIFFIN  
SENECA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED  
(CONTINUED)**

The purchased services decreased \$251,631 or 39.17% from fiscal year 2010. This decrease can also be attributed to separation and establishment of Fremont Academy. The Academy operates using purchased services contracted with North Central Ohio Educational Service Center (the "ESC"). When the Academy was split to form Fremont Academy, many of the expenses, including personnel, was then spent using the funding of Fremont Academy.

The Academy's Federal and State grants consisted of Public Charter School Grants, American Recovery and Reinvestment Act (ARRA) grants, the Education Jobs grant, and the Race to the Top grant, State EMIS, Title I, Title II-A, Title II-D, and IDEA Part B grants. Purchased service expenditures included the cost of educational services, including personnel, provided by the Sponsor.

**Capital Assets**

At June 30, 2011, the Academy had \$108,678 invested in furniture, fixtures and equipment, net of accumulated depreciation. For more information on capital assets, see Note 5 to the basic financial statements.

**Current Financial Related Activities**

The vision of the Academy is to provide a flexible environment that meets each of our students' needs academically, socially, and emotionally. The Academy is in its second year of operations as an at-risk school serving students in grades 6 - 12. The most significant change in fiscal year 2011 was the segregation of the Tiffin and Fremont campuses. After the first year of operating as one school with two locations, the North Central Academy-Fremont opened under a new IRN on July 1, 2010 at the direction of the Ohio Department of Education. As a result of this change, enrollment decreased at the Academy from a combined total of 83 students in fiscal year 2010, to a total of 52 students at the Academy's Tiffin campus and 49 students at North Central Academy – Fremont (NCA – Fremont) in fiscal year 2011. Revenue and expenditures for the Tiffin campus decreased in conjunction with the shift of students to the new NCA - Fremont.

The primary challenge facing the Academy today is the uncertainty of future funding. ARRA Title I funds received in fiscal year 2010 were discontinued for fiscal year 2011, and the Public Charter School Program two year start-up grant concluded in fiscal year 2011. The Education Jobs fund provided one-time support for a .5 FTE licensed teacher in 2011 which will not be available in fiscal year 2012. There will be a reduction in the per pupil State foundation payment beginning in fiscal year 2012 as the State Fiscal Stabilization Fund ends without being replaced. This combined with the fluctuation of the community school funding method which bases monthly foundation payments on daily enrollment records of our "at-risk" students make it a constant challenge to meet the needs of our school.

Pursuant to a Sponsorship Agreement, the North Central Ohio Educational Service Center is the fiscal agent of the school and provides all personnel to the school 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 school, 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 – Tiffin's Financial Management**

This financial report is designed to provide a general overview of the North Central Academy - Tiffin's finances and to show the Academy's accountability for the money it receives. If you have questions about this report or need additional financial information contact Tina Peyton, Treasurer, North Central Academy - Tiffin, 928 W. Market St., Suite A, Tiffin, Ohio 44883-2529.

**NORTH CENTRAL ACADEMY - TIFFIN  
SENECA COUNTY**

**STATEMENT OF NET ASSETS**  
JUNE 30, 2011

**Assets:**

Current assets:

Equity in pooled cash	\$50,845
Receivables:	
Intergovernmental	67,247
Materials and supplies inventory	<u>26,014</u>
Total current assets	<u>144,106</u>
Noncurrent assets:	
Depreciable capital assets, net	<u>108,678</u>
Total assets	<u><u>\$252,784</u></u>

**Liabilities:**

Current liabilities:

Accounts payable	\$36,996
Intergovernmental payable	<u>7,773</u>
Total liabilities	<u>44,769</u>
Net assets:	
Invested in capital assets	108,678
Restricted for:	
Public school support	350
Federally funded programs	22,075
Other purposes	825
Unrestricted	<u>76,087</u>
Total net assets	<u><u>\$208,015</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTH CENTRAL ACADEMY - TIFFIN  
SENECA COUNTY**

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

**Operating revenues:**

Foundation revenue	\$300,226
Special education	37,575
Sales/charges for services	1,212
Other	11,912
Total operating revenues	<u>350,925</u>

**Operating expenses:**

Purchased services	390,840
Materials and supplies	78,386
Other	33,577
Depreciation	26,629
Total operating expenses	<u>529,432</u>

Operating loss (178,507)

**Non-operating revenues:**

Federal and State grants	273,993
Interest revenue	332
Total non-operating revenues	<u>274,325</u>

Change in net assets 95,818

<b>Net assets at beginning of year</b>	112,197
<b>Net assets at end of year</b>	<u>\$208,015</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTH CENTRAL ACADEMY - TIFFIN  
SENECA COUNTY**

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

**Cash flows from operating activities:**

Cash received from State foundation	\$ 336,405
Cash received from sales/charges for services	1,212
Cash received from other operations	11,912
Cash payments for contractual services	(388,409)
Cash payments for materials and supplies	(63,307)
Cash payments for other expenses	(33,577)
Net cash used in operating activities	<u>(135,764)</u>

**Cash flows from noncapital financing activities:**

Federal and State grants	<u>204,372</u>
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**Cash flows from capital and related financing activities:**

Acquisition of capital assets	<u>(36,770)</u>
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**Cash flows from investing activities:**

Interest received	<u>332</u>
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Net increase in cash and cash

cash equivalents	32,170
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**Cash and cash equivalents at beginning of the year**

18,675

**Cash and cash equivalents at end of the year**

\$ 50,845

**Reconciliation of operating loss to net  
cash used in operating activities:**

Operating loss	\$(178,507)
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Adjustments:

Depreciation	26,629
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Changes in assets and liabilities:

(Increase) in materials and supplies inventory	(22,766)
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Increase in accounts payable	32,503
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Increase in intergovernmental payable	6,377
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Net cash used in operating activities

\$(135,764)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**NORTH CENTRAL ACADEMY - TIFFIN  
SENECA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 1 - DESCRIPTION OF THE ACADEMY**

The North Central Academy - Tiffin (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, 2009, with North Central Ohio Educational Service Center (the "Sponsor") for a period of two years commencing on July 1, 2009. The sponsorship agreement was renewed for an additional one-year term on May 20, 2011.

Pursuant to the Sponsor's authority under Section 3314.08(G) of the Ohio Revised Code to provide the Academy with services, the Sponsor shall be the fiscal agent of the Academy and shall direct the Sponsor's assistant treasurer to serve as the Academy's fiscal officer. 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 the fiscal year 2011 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 also applied Financial Accounting Standards Board (FASB) Statements and Interpretations issued prior to November 30, 1989, provided those pronouncements did not conflict with or contradict GASB pronouncements. The Academy had the option to also apply FASB Statements and Interpretations issued after November 30, 1989, subject to this same limitation. The Academy elected not to apply these FASB Statements and Interpretations. The Academy's significant accounting policies are described below.

**NORTH CENTRAL ACADEMY - TIFFIN  
SENECA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(CONTINUED)**

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

**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.

Enterprise reporting focuses on the determination of the change 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 statements of revenues, expenses and changes in net assets present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. 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.

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 unearned revenue. 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 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.

**NORTH CENTRAL ACADEMY - TIFFIN  
SENECA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(CONTINUED)**

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

**E. Cash**

Cash held by the Academy is reflected as "equity in pooled cash" on the statement of net assets. 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 2011, the Academy had no investments. All monies received by the Academy are deposited in a demand deposit account.

**F. Inventory**

Purchased inventories are presented at the lower of cost or market value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method. Inventory consists of expendable supplies held for consumption.

**G. 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. The Academy maintains a capitalization threshold of \$500. 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. Depreciation is computed using the straight-line method. Furniture, fixtures and equipment is depreciated over five years.

**H. Net Assets**

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

**I. 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/charges for services. 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.

**NORTH CENTRAL ACADEMY - TIFFIN  
SENECA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(CONTINUED)**

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

**J. Intergovernmental Revenue**

The Academy currently participates in the State Foundation Program through the Ohio Department of Education, the American Recovery and Reinvestment Act (ARRA) grants, the education jobs grant, the Race to the Top Grant, the Federal IDEA Part B grant, the Federal Title I grant, the Improving Teacher Quality Title II-A grant, the Title II-D Technology Grant, the public charter school grant and the EMIS grant. Revenues from the State foundation program are recognized as operating revenue in the accounting period in which all eligibility requirements have been met. 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 and State grant revenue for the fiscal year 2011 was \$273,993.

**K. 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.

**L. Accrued Liabilities**

The Academy has recognized certain expenses due, but unpaid as of June 30, 2011. These expenses are reported as accrued liabilities in the accompanying financial statements.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**Change in Accounting Principles**

For fiscal year 2011, the Academy has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" and GASB Statement No. 59, "Financial Instruments Omnibus".

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 did not have an effect on the financial statements of the Academy.

GASB Statement No. 59 updates and improves existing standards regarding financial reporting of certain financial instruments and external investment pools. The implementation of GASB Statement No. 59 did not have an effect on the financial statements of the Academy.

**NORTH CENTRAL ACADEMY - TIFFIN  
SENECA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(CONTINUED)**

**NOTE 4 - DEPOSITS**

At June 30, 2011, the carrying amount of the Academy's deposits was \$50,845. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2011, the Academy's entire bank balance of \$66,853 was covered by the Federal Deposit Insurance Corporation (FDIC).

The Academy had no investments.

**NOTE 5 - CAPITAL ASSETS**

The Academy had the following capital asset activity for the fiscal year ended June 30, 2011:

	Balance 06/30/10	Additions	Deductions	Balance 06/30/11
Capital assets, being depreciated:				
Furniture, fixtures and equipment	\$118,283	\$36,770		\$155,053
Less: accumulated depreciation	(19,746)	(26,629)		(46,375)
Capital assets, net	<u>\$98,537</u>	<u>\$10,141</u>		<u>\$108,678</u>

**NOTE 6 - RECEIVABLES**

The Academy had the following intergovernmental receivables at June 30, 2011:

Fostoria Community Schools	\$1,200
Race to the Top	5,275
Federal IDEA Part-B	358
Miscellaneous Federal Grants	<u>60,414</u>
 Total	 <u>\$67,247</u>

The intergovernmental receivables are expected to be collected in the subsequent year.

**NOTE 7 - PURCHASED SERVICES**

For the fiscal year ended June 30, 2011, purchased services expenses were as follows:

Professional and technical services	\$359,426
Property services	21,603
Travel and meetings	8,381
Communications	<u>1,430</u>
 Total	 <u>\$390,840</u>

**NORTH CENTRAL ACADEMY - TIFFIN  
SENECA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(CONTINUED)**

**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 2011, 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 and Director.

**NOTE 9 - CONTINGENCIES**

**A. Grants**

The Academy received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Academy at June 30, 2011.

**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. State Foundation Funding**

The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which State foundation funding is calculated. The Academy does not anticipate any significant adjustments to State funding for fiscal year 2012 as a result of the reviews which have yet to be completed.

**NOTE 10 - SERVICE AGREEMENT**

The Academy is contracting with the Sponsor to manage its operations. All services are to be provided on a purchased service or reimbursement basis. The Academy paid \$373,107 to the Sponsor for educational, fiscal and administrative services for the fiscal year ended June 30, 2011.



# 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

North Central Academy - Tiffin  
Seneca County  
928 West Market Street  
Tiffin, Ohio 44883-2529

To the Board of Directors:

We have audited the financial statements of the North Central Academy – Tiffin, Seneca County, Ohio (the Academy), as of and for the year ended June 30, 2011, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated January 20, 2012. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2011-001 described in the accompanying schedule of findings to be a material weakness.

North Central Academy – Tiffin  
Seneca County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

**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*.

The Academy's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Academy's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, the audit committee, Board of Directors, the Community School's sponsor, and others within the Academy. We intend it for no one other than these specified parties.



**Dave Yost**  
Auditor of State

January 20, 2012

**NORTH CENTRAL ACADEMY - TIFFIN  
SENECA COUNTY**

**SCHEDULE OF FINDINGS  
JUNE 30, 2011**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2011-001**

**Material Weakness – Financial Reporting**

As a result of the audit procedures performed, errors were noted in the financial statements that required material audit adjustments.

During fiscal year 2011, accounts payable were recorded for services which were not received prior to June 30, 2011 (\$10,500) and there was an overstatement of the materials and supplies inventory (\$14,850).

The accompanying financial statements and, where applicable, the Academy accounting records have been adjusted to correct these errors.

To ensure the Academy's financial statements and notes to the statements are complete and accurate, the Board should adopt policies and procedures, including a final review of the annual report by the audit committee to identify and correct errors and omissions.

**Officials' Response:**

The Academy acknowledges errors were made and will properly post these transactions in the future.

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# Dave Yost • Auditor of State

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

North Central Academy – Tiffin  
Seneca County  
928 West Market Street  
Tiffin, Ohio 44883-2529

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 procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether the North Central Academy – Tiffin, Seneca County, Ohio (the Academy) has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

We noted the Board amended its anti-harassment policy at its meeting on December 13, 2011 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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 the Community School's sponsor 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

January 20, 2012

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# Dave Yost • Auditor of State

NORTH CENTRAL ACADEMY-TIFFIN  
SENECA 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.

A handwritten signature in cursive script that appears to read "Susan Babbitt".

CLERK OF THE BUREAU

CERTIFIED  
FEBRUARY 14, 2012