



**GROVEPORT MADISON CRUISER ACADEMY  
FRANKLIN COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2015**



**Dave Yost • Auditor of State**



**GROVEPORT MADISON CRUISER ACADEMY  
FRANKLIN COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Management's Discussion and Analysis.....	3
<b>Basic Financial Statements:</b>	
Statement of Net Position.....	7
Statement of Revenues, Expenses and Changes in Net Position .....	8
Statement of Cash Flows .....	9
Notes to the Basic Financial Statements.....	11
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	19

**THIS PAGE INTENTIONALLY LEFT BLANK**



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Directors:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the business type activities of Groveport Madison Cruiser Academy, Franklin County, Ohio (the Academy), a component unit of Groveport Madison Local School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Academy's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Academy's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Groveport Madison Cruiser Academy, Franklin County, Ohio, as of June 30, 2015, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2015, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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.



**Dave Yost**  
Auditor of State

Columbus, Ohio

November 30, 2015

**Groveport Madison Cruiser Academy**  
**Franklin County**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2015  
(Unaudited)

---

As management of the Groveport Madison Cruiser Academy (the Academy), we offer readers of the Academy's financial statements this narrative overview and analysis of the financial activities of the Academy for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole. Readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Academy's financial performance.

### **Financial Highlights**

Key financial highlights for the Academy are as follows:

- Assets exceeded Liabilities by \$445,319 at fiscal year-end.
- Net Position increased \$266,593, during the fiscal year. This represents the amount in which operating revenues (\$1,229,688) and non-operating revenues (\$171,360) exceeded operating expenses (\$1,134,455).

### **Using this Annual Financial Report**

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

#### *Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position*

The statement of net position and the statement of revenues, expenses and changes in net position answer the question, "How did we do financially during the fiscal year?" The statement of net position includes all assets and liabilities, both financial and capital, and short-term and long-term, using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

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

The statement of revenues, expenses and changes in net position reports the changes in net position. This change in net position is important because it tells the reader that, for the Academy as a whole, the financial position of the Academy has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

**Groveport Madison Cruiser Academy**  
**Franklin County**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2015  
(Unaudited)

---

**Financial Analysis**

Table 1 provides a summary of the Academy's net position at June 30, 2015 compared to the prior year.

**Table 1**  
**Net Position at Year End**

	2015	2014
Assets:		
Current and Other Assets	\$ 580,868	\$ 255,875
Capital Assets, Net	18,155	20,825
Total Assets	599,023	276,700
Liabilities:		
Current Liabilities	153,704	97,974
Total Liabilities	153,704	97,974
Net Position:		
Investment in Capital Assets	18,155	20,825
Unrestricted	427,164	157,901
Total Net Position	\$ 445,319	\$ 178,726

Current and Other Assets increased significantly in comparison with the prior fiscal year. This increase is primarily the result of an increase in cash from operations.

Current Liabilities, increased significantly in comparison with the prior fiscal year-end. This increase is the result of an overpayment of Foundation funding during the fiscal year.

*This space intentionally left blank.*

**Groveport Madison Cruiser Academy**  
**Franklin County**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2015  
(Unaudited)

**Financial Analysis**

Table 2 shows the change in net position for the fiscal year ended June 30, 2015 compared to the prior year.

**Table 2**  
**Changes in Net Position**

	2015	2014
Operating Revenues:		
Foundation Revenues	\$ 1,229,046	\$ 1,231,456
Other Revenues	642	1,880
Total Operating Revenues	1,229,688	1,233,336
Operating Expenses:		
Purchased Services	1,054,545	1,173,455
Materials and Supplies	34,842	10,454
Depreciation	2,670	2,670
Other	42,398	11,354
Total Operating Expenses	1,134,455	1,197,933
Operating Income/(Loss)	95,233	35,403
Nonoperating Revenues:		
State and Federal Grants	80,897	67,601
Other Restricted Grants in Aide	61,072	31,991
Other Unrestricted Grants in Aide	29,391	25,408
Total Nonoperating Revenues	171,360	125,000
Change in Net Position	266,593	160,403
Net Position, Beginning of Year	178,726	18,323
Net Position, End of the Year	\$ 445,319	\$ 178,726

Revenues and expenses were fairly consistent in fiscal year 2015 compared to the prior fiscal year. The increase in net position represents the amount in which program revenues exceeded program expenses during the fiscal year.

**Groveport Madison Cruiser Academy**  
**Franklin County**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2015  
(Unaudited)

---

**Capital Assets**

At fiscal year-end, the Academy's net capital asset balance was \$18,155, a decrease of \$2,670 in comparison with the prior fiscal year. This decrease represents current year depreciation. For more information on capital assets, see Note 4 to the basic financial statements.

**Debt**

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

**Current Financial Issues**

The Academy depends on legislative and governmental support to fund its operations. Based on information currently available, several changes are expected to occur in the nature of the funding or operations of the Academy in future fiscal years due to the State's current economic environment. The Academy is expected to continue to grow in both the number of students, as well as the number of support staff, as it enters into its second year of operation, which will impact the Academy's funding since the Academy receives the majority of its finances from state aid.

**Contacting the School**

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

**GROVEPORT MADISON CRUISER ACADEMY  
FRANKLIN COUNTY**

STATEMENT OF NET POSITION  
AS OF JUNE 30, 2015

**Assets:**

Current Assets	
Cash	\$ 469,337
Intergovernmental Receivables	80,897
Prepaid Items	30,634
Total Current Assets	<u>580,868</u>
Noncurrent Assets	
Capital Assets, Net of Accumulated Depreciation	<u>18,155</u>
Total Noncurrent Assets	<u>18,155</u>
Total Assets	<u><u>599,023</u></u>

**Liabilities:**

Current Liabilities	
Accounts Payable	105,469
Intergovernmental Payable	48,235
Total Liabilities	<u>153,704</u>

**Net Position:**

Net Investment in Capital Assets	18,155
Unrestricted	427,164
Total Net Position	<u><u>\$ 445,319</u></u>

See accompanying notes to the basic financial statements.

**GROVEPORT MADISON CRUISER ACADEMY  
FRANKLIN COUNTY**

STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<b>Operating Revenues:</b>	
Foundation	\$ 1,229,046
Other	642
Total Operating Revenues	1,229,688
 <b>Operating Expenses:</b>	
Purchased Services	1,054,545
Materials and Supplies	34,842
Depreciation	2,670
Other	42,398
Total Operating Expenses	1,134,455
Operating Income	95,233
 <b>Non-Operating Revenues:</b>	
State and Federal Grant Revenue	80,897
Other Restricted Grants in Aide	61,072
Other Unrestricted Grants in Aide	29,391
Total Non-Operating Revenues	171,360
Change in Net Position	266,593
Net Position, Beginning of Year	178,726
Net Position, End of Year	\$ 445,319

See accompanying notes to the basic financial statements.

**GROVEPORT MADISON CRUISER ACADEMY  
FRANKLIN COUNTY**

STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Cash Flows from Operating Activities:	
Cash Received from Foundation	\$ 1,277,281
Cash Received from Other Receipts	642
Cash Payments to Suppliers for Purchased Goods and Services	(1,101,940)
Cash Payments to Other	(42,398)
<b>Net Cash Provided by Operating Activities</b>	<u>133,585</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from State and Federal Grants	90,463
<b>Net Cash Provided by Noncapital Financing Activities</b>	<u>90,463</u>
<b>Net Increase in Cash and Cash Equivalents</b>	224,048
Cash and Cash Equivalents at Beginning of Year	245,289
Cash and Cash Equivalents at End of Year	<u>\$ 469,337</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 95,233
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	2,670
Changes in Assets and Liabilities:	
Prepaid Items	(20,048)
Accounts Payable	7,495
Intergovernmental Payable	48,235
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 133,585</u>

See accompanying notes to the basic financial statements.

This page intentionally left blank

**Groveport Madison Cruiser Academy**  
**Franklin County**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015

---

**Note 1 – Description of the Academy and Reporting Entity**

The Groveport Madison Cruiser Academy (the Academy) is a nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702. The Academy is an approved tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect the Academy's tax exempt status. The Academy's mission is to provide each student with a unique opportunity to earn their diploma in an alternative setting. The Academy is an at-risk Academy that primarily enrolls students between sixteen and twenty-one years of age who have dropped out of high school or are at risk of dropping out of high school due to poor attendance, disciplinary problems, or suspensions.

The Academy was formally created on March 11, 2010, by entering a three-year contract with the Groveport Madison Local School District (the Sponsor) for fiscal years 2011 through 2013. The contract was subsequently extended through fiscal year 2017. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration. See Note 7 for additional information regarding the sponsorship agreement with the Sponsor.

The Academy purchased the services of Metropolitan Educational Technology Association Solutions (META) to provide fiscal, student, EMIS, and technical services during the fiscal year. See Note 8 for information regarding the contract between the Academy and META.

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

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

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

The financial statements of the Academy have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Academy's most significant accounting policies are described below.

**Groveport Madison Cruiser Academy**  
**Franklin County**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015

---

**Note 2 – Summary of Significant Accounting Policies**

**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. These statements are prepared on the accrual basis of accounting as further described in Note 2 C.

The Academy uses a single enterprise presentation for its financial records. Enterprise reporting focuses on the determination of operating income, changes in net 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 statement of revenues, expenses and changes in net position presents increases (i.e. revenues) and decreases (i.e. expenses) in total net position. The statement of cash flows reflects how the Academy finances meet its cash flow needs.

**C. Basis of Accounting**

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

**D. Budgetary Process**

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

**E. Cash**

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

**Groveport Madison Cruiser Academy  
Franklin County**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015

---

**Note 2 – Summary of Significant Accounting Policies (Continued)**

**F. Restricted Assets**

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

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond the current fiscal year are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expense is reported in the year which services are consumed. At fiscal year-end, prepaid items are not available to finance future net position expenses.

**H. Inventory**

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

**I. Capital Assets**

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

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

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

**J. Accumulated Leave**

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

**K. Accrued Liabilities and Long-Term Obligations**

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

**Groveport Madison Cruiser Academy**  
**Franklin County**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015

---

**Note 2 – Summary of Significant Accounting Policies (Continued)**

**L. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Academy did not have any deferred outflows of resources at fiscal year-end.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Academy did not have any deferred inflows of resources at fiscal year-end.

**M. Net Position**

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

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

**N. Operating Revenues and Expenses**

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

**O. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Groveport Madison Cruiser Academy  
Franklin County**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015

**Note 3 – Deposits**

**A. Deposits**

At fiscal year-end, the carrying amount of the Academy's deposits was \$469,337 and the bank balance was \$470,804. Of the Academy's bank balance, \$250,000 was covered by the Federal Deposit Insurance Corporation (FDIC), while the remaining \$220,804 was exposed to custodial risk.

Custodial credit risk is the risk that, in the event of bank failure, the Academy's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

**Note 4 – Capital Assets**

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

	Beginning Balance	Additions	Deletions	Ending Balance
Cost				
Buildings and Improvements	\$ 18,254	\$ -	\$ -	\$ 18,254
Furniture, Fixtures, and Equipment	11,458	-	-	11,458
Total Capital Assets, Cost	<u>29,712</u>	<u>-</u>	<u>-</u>	<u>29,712</u>
Less Accumulated Depreciation				
Buildings and Improvements	(4,259)	(1,217)	-	(5,476)
Furniture, Fixtures, and Equipment	(4,628)	(1,453)	-	(6,081)
Total Accumulated Depreciation	<u>(8,887)</u>	<u>(2,670)</u>	<u>-</u>	<u>(11,557)</u>
Depreciable Capital Assets, Net	<u>\$ 20,825</u>	<u>\$ (2,670)</u>	<u>\$ -</u>	<u>\$ 18,155</u>

**Note 5 – Risk Management**

**Property and Liability**

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year, the Academy was listed as an additional insurance organization on the Sponsor's insurance coverage from with Ohio Casualty Co., member of Liberty Mutual Group, administered by Andrew Insurance Associates, Inc. The Sponsor has general liability insurance with a \$1,000,000 single occurrence limit and a \$2,000,000 aggregate. Property is also protected by Ohio Casualty Co., member of Liberty Mutual Group and holds a \$1,000 deductible.

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

**Groveport Madison Cruiser Academy**  
**Franklin County**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015

---

**Note 6 – Operating Lease**

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

In addition, in accordance with the Property Lease Agreement, the Academy pays a fee for maintaining, equipping, repairing, replacing, and otherwise managing the Common Area. This fee increases three percent each year.

During the fiscal year, Property Lease Agreement payments totaled \$127,464.

**Note 7 – Fiscal Agent and Payment to Sponsor**

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

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

During the fiscal year, the Academy paid the Sponsor \$680,850 for the services defined above.

**Note 8 – Contract with the Metropolitan Educational Technology Association (META) Solutions**

On June 9, 2014, the Academy entered into a three-year contract with the Metropolitan Education Council (MEC) for fiscal years 2015 through 2017. On April 1, 2015, MEC merged with the Tri-Rivers Educational Computer Association (TRECA) to form the Metropolitan Educational Technology Association (META) Solutions. Under the contract, the Academy agreed to the following terms:

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

During the fiscal year, the Academy paid MEC \$8,403 for these services. Financial information may be obtained from Scott Armstrong, CFO, 100 Executive Drive, Marion, Ohio 43302.

**Groveport Madison Cruiser Academy  
Franklin County**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015

---

**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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds.

**B. Litigation**

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

**C. Ohio Department of Education Enrollment Review**

The Ohio Department of Education (ODE) conducts reviews of enrollment data and full time equivalency (FTE) calculations made by the Academy. These reviews are conducted to ensure the Academy is reporting accurate student enrollment data to the State, upon which foundation funding is calculated. The results of the fiscal year 2015 review was an overpayment of \$48,235. The Academy will repay this amount in 11 equal installments of \$4,385 during fiscal year 2016.

**Note 10 – Purchased Services**

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

Instruction	\$ 912,029
Copier	8,512
Building Lease	107,464
Utilities	18,934
Other Purchased Services	<u>7,606</u>
Total	<u>\$ 1,054,545</u>

**THIS PAGE INTENTIONALLY LEFT BLANK**



# Dave Yost • Auditor of State

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

Groveport Madison Cruiser Academy  
Franklin County  
5960 Clyde Moore Drive, Suite C  
Groveport, OH 43125

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements the Groveport Madison Cruiser Academy, Franklin County, Ohio (the Academy), a component unit of Groveport Madison Local School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated November 30, 2015.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Academy's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Academy's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Academy's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses or significant deficiencies may exist.

***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, opining 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*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Academy's internal control or on compliance. This report is an integral part of an audit performed under *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 "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

November 30, 2015



# Dave Yost • Auditor of State

**GROVEPORT MADISON CRUISER ACADEMY**

**FRANKLIN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 5, 2016**