



Dave Yost • Auditor of State



**CENTER FOR STUDENT ACHIEVEMENT  
JACKSON COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Center for Student Achievement  
Jackson County  
450 Vaughn Street  
Jackson, Ohio 45640

To the Board of Directors:

We have audited the accompanying financial statements of the Center for Student Achievement, Jackson County, Ohio (the Center), a component unit of the Jackson City School District, Jackson County, Ohio as of and for the year ended June 30, 2011 which collectively comprise the Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Center'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 opinions.

Ohio Administrative Code § 117-2-03(B) requires the Center to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash financial position of the Center for Student Achievement, Jackson County, Ohio, as of June 30, 2011, and the changes in cash financial position and its cash flows for the year then ended in conformity with the accounting basis Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2012, on our consideration of the Center'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.

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We conducted our audit to opine on the Center's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets and changes in net assets. These tables provide additional information, but are not part of the basic financial statements. However these tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

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

**Dave Yost**  
Auditor of State

March 29, 2012

**Center for Student Achievement  
Jackson County, Ohio**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011  
Unaudited*

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The discussion and analysis of the Center for Student Achievement's (the Center) financial performance provides an overall review of the Center's financial activity for the period ended June 30, 2011. Readers should also review the basic financial statements and the notes to the financial statements to enhance their understanding of the Center's financial performance.

**FINANCIAL HIGHLIGHTS**

**Key financial highlights for the fiscal year 2011 are as follows:**

- Net assets decreased \$91,075, which represents a 55.6 percent decrease from fiscal year 2010. This decrease was due to increases in the Center's contractual payments made to Jackson City School District (Sponsor).
- Operating revenues accounted for \$392,941 in revenue or 83.4 percent of all revenues. Non-operating revenues, consisting of interest income and federal and state subsidies accounted for \$78,392 or 16.6 percent of total revenues of \$471,333.

**USING THIS ANNUAL FINANCIAL REPORT**

This discussion and analysis is intended to serve as an introduction to the Center's Cash Financial Statements. The Center's financial statements are comprised of two components: 1) entity-wide financial statements, and 2) notes to the financial statements.

The *Statement of Net Assets – Cash Basis* presents information on all of the Center's cash assets, presented as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the cash position of the Center is improving or deteriorating.

The *Statement of Receipts, Disbursements, and Changes in Net Assets – Cash Basis* presents information showing how the Center's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as cash is received or disbursed not when the underlying event giving rise to the change occurs.

The *Statement of Cash Flows – Cash Basis* provides information about how the Center finances and meets the cash flow needs of its proprietary activities.

The Center uses enterprise presentation for all of its activities.

As noted earlier, net assets – cash basis may serve over time as a useful indicator of a government's financial position. The Center has chosen to report on an *Other Comprehensive Basis of Accounting* in a format similar to that required by Governmental Accounting Standard No. 34.

This statement requires a comparative analysis of government-wide data in the Management Discussion and Analysis (MD&A) section.

**Center for Student Achievement  
Jackson County, Ohio**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011  
Unaudited*

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Table 1 provides a summary of the Center's net assets – cash basis for 2011 compared to 2010:

**Table 1  
Net Assets - Cash Basis**

|  | Governmental Activities |           |
|--|-------------------------|-----------|
|  | 2011                    | 2010      |
| <b>Assets</b>                              |                         |           |
| Equity in Pooled Cash and Cash Equivalents | \$72,584                | \$163,659 |
| <b>Net Assets</b>                          |                         |           |
| Restricted for:                            |                         |           |
| Other Purposes                             | \$25,192                |           |
| Unrestricted                               | 47,392                  | \$163,659 |
| <i>Total Net Assets</i>                    | \$72,584                | \$163,659 |

Net assets decreased \$91,075, which is due to an increase in contractual service payments made to the Jackson City School District. These additional expenditures are due to the timing of a reimbursement made to the Jackson City School District in the amount of \$91,254 being made in fiscal year 2011 for fiscal year 2010 services.

Table 2 reflects the changes in net assets for the fiscal year ended June 30, 2011, and comparisons to fiscal year 2010.



**Center for Student Achievement  
Jackson County, Ohio**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011  
Unaudited*

**Table 2  
Changes in Net Assets - Cash Basis**

|                                     | 2011                   | 2010                    | Increase<br>(Decrease)   |
|-------------------------------------|------------------------|-------------------------|--------------------------|
| <b>Operating Revenues:</b>          |                        |                         |                          |
| Foundation                          | \$380,936              | \$401,453               | (\$20,517)               |
| Other Operating Revenues            | 12,005                 | 8,032                   | 3,973                    |
| <i>Total Operating Revenues</i>     | <u>392,941</u>         | <u>409,485</u>          | <u>(\$16,544)</u>        |
| <b>Operating Expenses:</b>          |                        |                         |                          |
| Contractual Services                | 508,337                | 328,887                 | 179,450                  |
| Materials and Supplies              | 53,937                 | 56,350                  | (2,413)                  |
| Capital Outlay                      | 134                    | 155                     | (21)                     |
| <i>Total Operating Expenses</i>     | <u>562,408</u>         | <u>385,392</u>          | <u>177,016</u>           |
| <i>Operating Income</i>             | (169,467)              | 24,093                  | (193,560)                |
| <b>Non-Operating Revenues:</b>      |                        |                         |                          |
| Interest Income                     | 272                    | 289                     | (17)                     |
| Capital Contributions               | 0                      | 200                     | (200)                    |
| Federal and State Subsidies         | 78,120                 | 61,161                  | 16,959                   |
| <i>Total Non-Operating Revenues</i> | <u>78,392</u>          | <u>61,650</u>           | <u>16,742</u>            |
| <i>Change in Net Assets</i>         | (91,075)               | 85,743                  | (176,818)                |
| Net Assets at Beginning of Year     | <u>163,659</u>         | <u>77,916</u>           | <u>85,743</u>            |
| Net Assets at End of Year           | <u><u>\$72,584</u></u> | <u><u>\$163,659</u></u> | <u><u>(\$91,075)</u></u> |

Net assets decreased by \$91,075 from fiscal year 2010 to fiscal year 2011. A decrease in operating revenues of \$16,544 was compounded by an increase in operating expenses of \$177,016. The decrease in operating revenues is due to decreases in State funding.

Contractual services expense increased \$179,450 which is entirely attributable to the final payment for professional services provided by Jackson City School District to the Center for fiscal year 2010 being made in October, 2010. Materials and supplies expenses decreased \$2,413, while capital outlay decreased \$21.

**DEBT**

The Center did not incur any debt during the fiscal year ended June 30, 2011.

**CURRENT ISSUES**

The cutting edge nature of this type of instructional delivery makes for constant change during the early years of operation. Upgrading and maintaining equipment, technical support, instructional support materials, and fluctuating enrollment are just some of the challenges facing the Center which must be overcome for the Center to continue to offer the educational experience our students require.

**Center for Student Achievement  
Jackson County, Ohio**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011  
Unaudited*

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**CONTACTING THE CENTER'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the Center's finances and to show the Center's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Brenda Hill, Treasurer, at Jackson City School District, 450 Vaughn Street, Jackson, Ohio 45640.

**Center for Student Achievement**  
**Jackson County, Ohio**  
*Statement of Net Assets - Cash Basis*  
*June 30, 2011*

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|  |                        |
|--|------------------------|
| <b>Assets</b>                              |                        |
| Equity in Pooled Cash and Cash Equivalents | <u><u>\$72,584</u></u> |
| <b>Net Assets</b>                          |                        |
| Restricted for:                            |                        |
| Other Purposes                             | \$25,192               |
| Unrestricted                               | <u>47,392</u>          |
| <i>Total Net Assets</i>                    | <u><u>\$72,584</u></u> |

See accompanying notes to the basic financial statements

**Center for Student Achievement**  
**Jackson County, Ohio**  
*Statement of Receipts, Disbursements and*  
*Changes in Net Assets - Cash Basis*  
*For the Fiscal Year Ended June 30, 2011*

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|  |                  |
|--|------------------|
| <b>Operating Revenues</b>              |                  |
| Foundation                             | \$380,936        |
| Miscellaneous                          | 12,005           |
|  | <hr/>            |
| <i>Total Operating Revenues</i>        | <i>392,941</i>   |
|  | <hr/>            |
| <b>Operating Expenses</b>              |                  |
| Contractual Services                   | 508,337          |
| Materials and Supplies                 | 53,937           |
| Capital Outlay                         | 134              |
|  | <hr/>            |
| <i>Total Operating Expenses</i>        | <i>562,408</i>   |
|  | <hr/>            |
| <i>Operating Income</i>                | <i>(169,467)</i> |
| <br><b>Non-Operating Revenues</b>      |                  |
| Interest Income                        | 272              |
| Federal and State Subsidies            | 78,120           |
|  | <hr/>            |
| <i>Total Non-Operating Revenues</i>    | <i>78,392</i>    |
|  | <hr/>            |
| <i>Change in Net Assets</i>            | <i>(91,075)</i>  |
|  | <hr/>            |
| <i>Net Assets at Beginning of Year</i> | <i>163,659</i>   |
|  | <hr/>            |
| <i>Net Assets at End of Year</i>       | <i>\$72,584</i>  |
|  | <hr/> <hr/>      |

See accompanying notes to the basic financial statements

**Center for Student Achievement**  
**Jackson County, Ohio**  
*Statement of Cash Flows - Cash Basis*  
*For the Fiscal Year Ended June 30, 2011*

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***Increase (Decrease) in Cash and Cash Equivalents***

|  |                           |
|--|---------------------------|
| <b>Cash Flows from Operating Activities:</b>                     |                           |
| Cash Received from Foundation                                    | \$380,936                 |
| Other Operating Revenues   | 12,005                    |
| Cash Payments to Suppliers for Goods and Services                | <u>(562,408)</u>          |
| <i>Net Cash Provided by Operating Activities</i>                 | <u>(169,467)</u>          |
| <b>Cash Flows from Capital and Related Financing Activities:</b> |                           |
| Capital Contributions  | <u>78,120</u>             |
| <b>Cash Flows from Investing Activities:</b>                     |                           |
| Investment Earnings  | <u>272</u>                |
| <i>Net Increase in Cash and Cash Equivalents</i>                 | (91,075)                  |
| <i>Cash and Cash Equivalents at Beginning of Year</i>            | <u>163,659</u>            |
| <i>Cash and Cash Equivalents at End of Year</i>                  | <u><u>\$72,584</u></u>    |
| <b>Reconciliation of Operating Income to Net</b>                 |                           |
| <b>Cash Used by Operating Activities:</b>                        |                           |
| <i>Operating Income</i>  | <u><u>(\$169,467)</u></u> |

See accompanying notes to the basic financial statements

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**Center for Student Achievement**  
**Jackson, County, Ohio**

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**Note 1 - Description of the School**

The Center for Student Achievement (the Center) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The Center 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 Center's tax exempt status. The Center's mission is to serve K through 12 students who may be underperforming or are not optimally integrated in their present educational setting, or who seek a more challenging experience than is available in their present educational setting, and who for these or other reasons are interested in pursuing an alternative schooling option. The students will include, but will not be limited to, home schoolers, children with special physical and mental needs, students removed from the regular classroom for discipline concerns, students who need an alternative to the traditional classroom for various reasons, including religious reasons, transient students, and students with the Jackson City School District, the sponsor school district, that desire a specific course not currently offered but is available through long distance learning.

The Center was created on April 28, 2005, by entering a three year contract with the Jackson City School District (the Sponsor). A new contract, entered into on June 24, 2008 will extend service through June 30, 2013. The Sponsor is responsible for evaluating the performance of the Center and has the authority to deny renewal of the contract at its expiration. The Sponsor is also the fiscal agent of the Center with the Treasurer of the Sponsor fulfilling the role of Treasurer for the Center.

The Center operates under the direction of a five-member Board of Directors made up of elected or appointed public officials or public sector employees who have a professional interest in furthering the establishment and operation of the Center and one or more parents and community civic leaders. The Sponsor appoints a majority of the Board and is able to impose its will on the Center. The Sponsor can suspend the Center's operations for any of the following reasons: 1.) The Center's failure to meet student performance requirements stated in its contract with the Sponsor, 2.) The Center's failure to meet generally accepted standards of fiscal management, 3.) The Center'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 are 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 Center and the children it serves. During the fiscal year ended June 30, 2011, the Center paid the Tri-Rivers Educational Computer Association (TRECA) to provide planning, design, implementation, instructional, administrative, and technical services. The Center had no employees, but contracts with the Sponsor to provide intervention instruction to the students of the Center. This intervention was used in conjunction with the TRECA instructional program to assure that students were effectively completing their instructional assignments.

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

The financial statements of the Center are presented on a cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). General accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Center's accounting policies.

**Center for Student Achievement**  
**Jackson, County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**A. Basis of Presentation**

The Center's basic financial statements consist of a statement of net assets; a statement of receipts, disbursements and changes in net assets; and a statement of cash flows.

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

**B. Measurement Focus and Basis of Accounting**

The enterprise activity is accounted for using a flow of economic resources measurement focus. Except for modifications having substantial support, receipts are recorded in the Center's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded in cash when cash is paid rather than when a liability is incurred. Any such modifications made by the Center are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for good and services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**C. 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 Revised Code Section 5705, unless specifically provided by the Center's contract with the Sponsor. The contract between the Center and its Sponsor prescribes the Center follow all budgetary provisions set forth in Ohio Revised Code Section 5705.

**D. Cash and Cash Equivalents**

Cash received by the Center is reflected as "equity in pooled cash and cash equivalents" on the statement of net assets. The Center had no investments during the fiscal year ended June 30, 2011.

**E. Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the Center's financial statements.

**F. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the Center or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Center's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

The government-wide statement of net assets reports no restricted net assets.



**Center for Student Achievement**  
**Jackson, County, Ohio**

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**G. Operating Revenues and Expenses**

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

**Note 3 – Deposits**

Monies held by the Center are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Center treasury. Active monies must be maintained either as cash in the Center treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Center can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) above;
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

**Center for Student Achievement**  
**Jackson, County, Ohio**

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

**Deposits** Custodial credit risk for deposits 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. At fiscal year end, none of the Center's bank balance of \$72,658 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the Center to a successful claim by the FDIC.

The Center has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Center or a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**Note 4 – Contract with TRECA**

The Center entered into a one year contract on June 21, 2010, with Tri-Rivers Education Computer Association (TRECA) for management consulting services. Under the contract, the following terms were agreed upon:

- TRECA shall provide the Center with instructional, supervisory/administrative, and technical services sufficient to effectively implement the Center's educational plan and the Center's assessment and accountability plan.
- All personnel providing services to the Center on behalf of TRECA under the agreement shall be employees of TRECA and TRECA 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 to the Center by TRECA 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.
- The Center shall secure the services of an Executive Director, who shall be the chief operating officer of the school, with primary responsibility for day-to-day operations of the Center.
- Curricular services provided by TRECA shall be limited to the standardized curriculum developed by TRECA, as well as, universal assessment screening provided by TRECA.
- In exchange for the services and support (including hardware) provided by the TRECA, the Center shall pay to TRECA \$4,000 per full-time student enrolled in the Center per school year. Part-time students may be enrolled on such terms as are agreed to by the parties.

The Center paid TRECA \$11,012 for services rendered in fiscal year 2011. To obtain TRECA's audited June 30, 2011 financial statements, please contact Scott Armstrong, Treasurer, at [scott@treca.org](mailto:scott@treca.org).

**Center for Student Achievement  
Jackson, County, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

**Note 5 – Risk Management**

The Center 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. For fiscal year 2011, the Center contracted with the Ohio Casualty Company for the following coverage:

| Property   | Deductible | Limits of Coverage |
|--|------------|--------------------|
| Personal Property                                    | \$1,000    | \$47,380           |
| General Liability:                                   |            |                    |
| Each Occurrence                                      | 0          | 1,000,000          |
| Aggregate Limit                                      | 0          | 2,000,000          |
| Products - Completed Operations Aggregate Limit      | 0          | 2,000,000          |
| Personal and Advertising Injury Limit - Each Offense | 0          | 1,000,000          |
| Fire Damage Limit - Any One Event                    | 0          | 300,000            |
| Errors and Omissions:                                |            |                    |
| Each Occurrence                                      | 2,500      | 1,000,000          |
| Aggregate Limit                                      | 2,500      | 1,000,000          |
| Employers' Liability:                                |            |                    |
| Each Occurrence                                      | 0          | 1,000,000          |
| Disease - Each Employee                              | 0          | 1,000,000          |
| Disease - Policy Limit                               | 0          | 1,000,000          |
| Employee Benefits Liability:                         |            |                    |
| Each Occurrence                                      | 1,000      | 1,000,000          |
| Aggregate Limit                                      | 1,000      | 3,000,000          |
| Vehicles:  |            |                    |
| Bodily Injury:                                       |            |                    |
| Per Person   | 0          | 1,000,000          |
| Per Accident   | 0          | 1,000,000          |
| Property Damage                                      | 0          | 1,000,000          |
| Uninsured Motorist:                                  |            |                    |
| Per Person   | 0          | 1,000,000          |
| Per Accident   | 0          | 1,000,000          |

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has been no significant reduction in insurance coverage from fiscal year 2010.

**Note 6 – Purchased Services**

For the period July 1, 2010 through June 30, 2011, the Center had expenses of \$508,337 for professional and technical services.

**Note 7 – Related Party Transactions**

The five members of the Center's Board of Directors are appointed by the Superintendent of Jackson City School District, the Sponsor. The Center is reported as a component unit of the Sponsor.

**Center for Student Achievement  
Jackson County, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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**Note 8 – Contingencies**

**Grants** The Center received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the 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 Center. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Center at June 30, 2011.

**Ohio Department of Education Enrollment Review** The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the Center. These reviews are conducted to ensure the Center is reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. The fiscal year 2011 review was not completed prior to the compilation of the Center's financial statements.



# 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

Center for Student Achievement  
Jackson County  
450 Vaughn Street  
Jackson, Ohio 45640

To the Board of Directors:

We have audited the financial statements of the Center for Student Achievement, Jackson County, Ohio (the Center), a component unit of the Jackson City School District, Jackson County, Ohio, as of and for the year ended June 30, 2011 which collectively comprise the Center's basic financial statements and have issued our report thereon dated March 29, 2012, wherein we noted the Center uses a comprehensive basis of accounting other than generally accepted accounting principles. 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 Center's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Center's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Center's internal control over financial reporting.

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

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

### **Compliance and Other Matters**

As part of reasonably assuring whether the Center'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 an instance of noncompliance or other matter we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2011-001.

We also noted a certain matter not requiring inclusion in this report that we reported to the Center's management in a separate letter dated March 29, 2012.

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

We intend this report solely for the information and use of management, the Board of Directors, the Center's Sponsor, and others within the Center. We intend it for no one other than these specified parties.

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

**Dave Yost**  
Auditor of State

March 29, 2012

**CENTER FOR STUDENT ACHIEVEMENT  
JACKSON COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2011**

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

**FINDING NUMBER 2011-001**

**Noncompliance Citation**

Ohio Rev. Code Section 117.38 provides, in part, that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Admin. Code Section 117-2-03 further clarifies the requirements of Ohio Rev. Code Section 117.38.

Ohio Admin. Code Section 117-2-03(B) requires the Center to prepare its annual financial report in accordance with generally accepted accounting principles. The Center filed financial statements with the Auditor of State, but those statements followed a cash and investments accounting basis rather than generally accepted accounting principles. The accompanying financial statements and notes omit material assets, liabilities, fund equities, and disclosures. The Center is subject to fines and various other administrative remedies.

We recommend the Center take the necessary steps to ensure that the annual financial report is prepared on a generally accepted accounting principles basis.

**Officials' Response:**

The Center has chosen to use the most cost-effective financial reporting system available. The additional cost associated with the GAAP financial statements would be a direct burden upon instructional resources.

**CENTER FOR STUDENT ACHIEVEMENT  
JACKSON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2011**

| Finding Number | Finding Summary  | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b> |
|----------------|--|------------------|---|
| 2010-001       | A material noncompliance citation was issued under Ohio Rev. Code Section 117.38 and Ohio Admin. Code Section 117-2-03(B) for not reporting on a GAAP basis. | No               | Not Corrected:<br><br>This item is repeated in the current audit as Finding 2011-001.   |





# Dave Yost • Auditor of State

## Independent Accountants' Report on Applying Agreed-Upon Procedures

Center for Student Achievement  
Jackson County  
450 Vaughn Street  
Jackson, Ohio 45640

To the Board of Directors:

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

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

We noted the Board amended its anti-harassment policy at its meeting on June 28, 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 and the 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

March 29, 2012

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# Dave Yost • Auditor of State

**CENTER FOR STUDENT ACHIEVEMENT**

**JACKSON 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  
APRIL 10, 2012**