

**Mansfield Enhancement Academy
Richland County, Ohio**

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Basic Financial Statements

JUNE 30, 2005



**Auditor of State
Betty Montgomery**

Board of Education
Mansfield Enhancement Academy
53 West Fourth Street
Mansfield, Ohio 44677-0438

We have reviewed the *Independent Auditor's Report* of the Mansfield Enhancement Academy, Richland County, prepared by Rea & Associates, Inc., for the audit period July 1, 2004 through June 30, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

December 27, 2005

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MANSFIELD ENHANCEMENT ACADEMY

*For the Year Ended June 30, 2005
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Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

November 4, 2005

The Board of Education
Mansfield Enhancement Academy
Mansfield, Ohio

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying basic financial statements of the Mansfield Enhancement Academy, Richland County, Ohio, (the "Academy") as of and for the year ended June 30, 2005, as listed in the table of contents. These financial statements are the responsibility of the Academy's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that 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 Mansfield Enhancement Academy, Richland County, Ohio, as of June 30, 2005, and the 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 November 4, 2005 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 for the year ended June 30, 2005. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with the report in considering the results of our audit.

The Management's Discussion and Analysis on pages 3 through 6 is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion thereon.

Rea & Associates, Inc.

Mansfield Enhancement Academy
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
(Unaudited)

This discussion and analysis of the Mansfield Enhancement Academy's (the "Academy") financial performance provides an overall review of the Academy's financial activities for the fiscal year ended June 30, 2005. 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.

The Management's Discussion and Analysis (the "MD&A") is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 "Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments" issued in June of 1999. Since this is the first year of financial presentation under Governmental Accounting Standards Board GASB Statement No. 34, some analyses with prior year data is not available. Future Management Discussion and Analyses will be comparative.

Financial Highlights

Key financial highlights for the fiscal year ended June 30, 2005 are as follows:

- Net assets totaled \$163,006.
- Total current assets were \$159,611.
- Total capital assets net of accumulated depreciation were \$38,045.
- Operating revenues equaled \$463,071 and non-operating revenues were \$3,000.
- Operating expenses amounted to \$303,065.

Using this Annual Report

This annual report consists of the MD&A, the basic financial statements and the notes to the basic financial statements. The basic financial statements include a statement of net assets, a statement of revenues, expenses and changes in net assets, and a statement of cash flows.

The statement of net assets and the statement of revenues, expenses and changes in net assets answer the question, "How did we do financially during fiscal year 2005?" The statement of net assets includes all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most companies in the private sector. This basis of accounting takes into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

Mansfield Enhancement Academy
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
(Unaudited)

Table 1 provides a summary of the Academy's net assets for fiscal year 2005. Since this is the first year that the Academy has prepared a financial statement; therefore, a comparison with the prior year is not available.

Table 1
Net Assets at June 30

	<u>2005</u>
Assets	
Current and Other Assets	\$ 159,611
Capital Assets, Net of Accumulated Depreciation	<u>38,045</u>
 Total Assets	 <u>197,656</u>
 Liabilities	
Current Liabilities	<u>34,650</u>
 Net Assets	
Invested in Capital Assets, Net of Related Debt	38,045
Unrestricted	<u>124,961</u>
 Total Net Assets	 <u><u>\$ 163,006</u></u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2005, the Academy's net assets totaled \$163,006.

Mansfield Enhancement Academy
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
(Unaudited)

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2005, as well as a listing of revenues and expenses. Since this is the first year that the Academy has prepared a financial statement; therefore, a comparison with the prior year is not available.

Table 2
Changes in Net Assets

Operating revenues	2005
Foundation payments	<u>\$ 463,071</u>
Operating expenses	
Purchased services	271,329
Materials and supplies	15,544
Depreciation	9,511
Capital outlay	<u>6,681</u>
<i>Total operating expenses</i>	<u>303,065</u>
<i>Operating income</i>	160,006
Non operating revenues (expenses)	
Grants	<u>3,000</u>
<i>Change in net assets</i>	163,006
<i>Net assets at beginning of year</i>	<u>0</u>
<i>Net assets at end of year</i>	<u><u>\$ 163,006</u></u>

The Academy's activities consist of enterprise activity. Community schools receive no support from taxes. The State Foundation Program and the Ohio Charter Schools Federal Sub-grant Program are the primary support for the Academy's students.

Budgeting

The Academy is not required to follow the budgetary provision set forth in Ohio Revised Code Chapter 5705.

Capital Assets

At the end of fiscal year 2005, the Academy invested \$38,045 in computer equipment, net of accumulated depreciation. See Note 4 to the basic financial statements for more information.

Mansfield Enhancement Academy
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
(Unaudited)

Debt

The Academy did not incur any debt during the fiscal year ended June 30, 2005.

Current Issues

The Academy has entered into a service contract for fiscal year 2005 with its Sponsor, Mansfield City School District. In agreement with this 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, in the Sponsor's sole discretion.

The Academy received its initial start-up grant of \$50,000 in fiscal year 2004 from the State Foundation Program. These monies were used to assess and plan the formation of the Academy. The Academy was approved with sponsorship on June 9, 2004. The Academy will receive three additional start-up grants of \$150,000 for each grant under the Ohio Charter Schools Federal Sub-grant Program during fiscal years 2005, 2006, and 2007. The first two will be received for fiscal year 2006 operations and the third one will be received for fiscal year 2007.

Contacting the Academy's Management

This financial report is designed to provide our citizens, investors and creditors with a general overview of the Academy's finances and to show the Academy's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Bart Griffith, at Mansfield Enhancement Academy, 217 North Trimble Road, Mansfield, Ohio 44906 or e-mail at mans_treas@ncocc-k12.org.

Mansfield Enhancement Academy

Statement of Net Assets

June 30, 2005

Assets

Current assets:

Equity in pooled cash and investments \$ 159,611

Noncurrent assets:

Capital assets (net of accumulated depreciation) 38,045

Total assets 197,656

Liabilities

Current liabilities:

Accounts payable 34,650

Net assets

Invested in capital assets, net of related debt 38,045

Unrestricted 124,961

Total net assets \$ 163,006

The accompanying notes are an integral part of the basic financial statements.

Mansfield Enhancement Academy
Statement of Revenues, Expenses, and Changes in Net Assets
For the Fiscal Year Ended June 30, 2005

Operating revenues	
Foundation payments	\$ 463,071
	<hr/>
Operating expenses	
Purchased services	271,329
Materials and supplies	15,544
Depreciation	9,511
Capital outlay	6,681
	<hr/>
<i>Total operating expenses</i>	303,065
	<hr/>
<i>Operating income (loss)</i>	160,006
	<hr/>
Non operating revenues (expenses)	
Grants	3,000
	<hr/>
<i>Change in net assets</i>	163,006
	<hr/>
<i>Net assets at beginning of year</i>	0
	<hr/>
<i>Net assets at end of year</i>	\$ 163,006
	<hr/> <hr/>

The accompanying notes are an integral part of the basic financial statements.

Mansfield Enhancement Academy
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2005

Cash flows from operating activities:	
Cash received from foundation payments	\$ 463,071
Cash payments for goods and services	(258,904)
	204,167
 Cash flows from non-capital financing activities:	
Grants received	3,000
	3,000
 Cash flows from capital and related financing activities:	
Purchase of property	(47,556)
	(47,556)
<i>Net increase (decrease) in cash and cash equivalents</i>	159,611
<i>Cash and cash equivalents at beginning of year</i>	0
	0
<i>Cash and cash equivalents at end of year</i>	\$ 159,611
	159,611
 Reconciliation of Operating Income to Net Cash Provided By (Used For) Operating Activities:	
Operating income (loss)	\$ 160,006
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	9,511
Increase (decrease) in liabilities:	
Accounts payable	34,650
	34,650
<i>Total adjustments</i>	44,161
	44,161
 <i>Net cash provided by (used for) operating activities</i>	 \$ 204,167
	204,167

The accompanying notes are an integral part of the basic financial statements.

Mansfield Enhancement Academy
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

Note 1 – Description of the Academy and Reporting Entity

The Mansfield Enhancement Academy (the "Academy") is a nonprofit corporation established pursuant to the Ohio Revised Code Chapters 1702 and 3314 to address the needs of students who have met some graduation requirements but have failed to successfully complete all requirements necessary for the attainment of the high school diploma or graduation equivalence diploma. 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 is an innovative initiative that will be a cooperative effort with Mansfield City Schools (the "Sponsor"). It is a conversion community school sponsored by the Mansfield City School District. The Academy will use the latest technology to reach a diverse student population. This population includes, but is not limited to students ages 17 through 22 with 14 or more high school credits, a 12th plus grade level status, a risk of dropping out of high school, and a failure to obtain a GED. Enrollment is limited to students within the attendance area of the Mansfield City School District.

The Academy was approved for sponsorship under resolution on June 9, 2004, with the Sponsor for a period of five years commencing on the first day of the 2004-2005 academic year. The Sponsor has designated three of its administrative officers to represent the Sponsor in the occupants' official capacities as members of the Academy's Board of Directors. The individuals who hold such office with the Sponsor shall be formally instructed by the Sponsor that, as directors of the Academy, they are to represent the Sponsor and its interests. From time to time in its discretion, the Sponsor may substitute other administrative positions for those previously designated for this purpose.

Pursuant to the Sponsor's authority under section 3314.08(G) of the Ohio Revised Code to provide the School with services, the Sponsor shall be the fiscal agent of the School and shall direct the Sponsor's treasurer to serve as the School'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. Upon dissolution of the Academy, any assets remaining shall be conveyed to the Sponsor.

A service contract for the fiscal year 2004-2005 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, in 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 including, without limitation, employee salaries and fringe benefits, equipment costs if any, and administrative overhead". 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.

Mansfield Enhancement Academy
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

Note 2 – Summary of Significant Accounting Policies

The basic financial statements of the Academy have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental nonprofit organizations. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Academy also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its proprietary activities, provided they do not conflict with or contradict GASB pronouncements. The Academy has the option to also apply FASB Statements and Interpretations issued after November 30, 1989 to its proprietary activities, subject to the same limitation. The Academy has elected not to apply these FASB Statements and Interpretations. The more significant of the Academy's accounting policies are described below.

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 liabilities are included on the statement of net assets. The statement of revenues, expenses and changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Academy's 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 on the accrual basis when the exchange takes place.

Non-exchange 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.

Mansfield Enhancement Academy
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue.

Expenses are recognized at the time they are incurred.

D. Budgetary Process

The Academy shall operate in compliance with an annual budget which must be reviewed and approved by the Academy's Board of Directors. The Academy must maintain financial records in a similar manner to those records of the Sponsor. The Academy complies with the policies and procedures regarding internal financial controls which are apparent under GASB and FASB. Also, the Auditor of State provides financial policy and procedure guidance to the Academies.

E. Cash

Cash held by the Academy is reflected as "Equity in pooled cash and investments" 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 2005, the Academy had no investments.

F. 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 five hundred dollars. The Academy does not have any infrastructure.

All capital assets are depreciated. Depreciation is computed using the straight-line method. Furniture is depreciated over twenty years and computers are depreciated over five years.

G. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation through the Academy or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Academy first applies restricted resources when an expense is incurred for which both restricted and unrestricted net assets are available. The Academy did not have any restricted net assets at fiscal year end.

H. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activities. For the Academy, these revenues are payments from the State Foundation Program. Operating expenses are necessary costs incurred to provide the goods or services that are the primary

Mansfield Enhancement Academy
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

activities of the Academy. All revenues and expenses not meeting these definitions are reported as non-operating.

I. Intergovernmental Revenues

The Academy currently participates in the State Foundation Program. Revenues received from this program are recognized as operating revenues in the accounting period in which all eligibility requirements have been met.

The Academy also participates in the Federal Charter School Grant Program and the State Community Schools Grant through the Ohio Department of Education.

J. Estimates

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

Note 3 – Deposits

At fiscal year end, the carrying amount of the Academy's deposits was \$159,611, and the bank balance was \$-0-. Of the bank balance, \$-0- was covered by federal depository insurance. Non-compliance with federal requirements could potentially subject the Academy to a successful claim by the Federal Deposit Insurance Corporation.

Note 4 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2005, was as follows:

	<u>Balance</u> <u>6/30/04</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/05</u>
<i>Capital Assets being depreciated</i>				
Equipment	\$ 0	\$ 47,556	\$ 0	\$ 47,556
Less Accumulated Depreciation	<u>0</u>	<u>(9,511)</u>	<u>0</u>	<u>(9,511)</u>
Capital Assets, Net	<u>\$ 0</u>	<u>\$ 38,045</u>	<u>\$ 0</u>	<u>\$ 38,045</u>

Note 5 – Purchased Services

For the fiscal year ended June 30, 2005, purchased services represented payments to the Sponsor to provide the following services:

Mansfield Enhancement Academy
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

Professional Services	\$ 181,912
Rent	60,000
Reimburse for Utilities	12,469
Administrative Costs	<u>16,948</u>
	<u>\$ 271,329</u>

Note 6 - 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 employees and natural disasters. During fiscal year 2005, the Academy was covered under the Sponsor's insurance for property and liability coverage.

Note 7 – Contingencies

A. Grants

The Academy received financial assistance from State agencies in the form of a grant. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Academy. However, in the opinion of management, any disallowed claims will not have a material adverse effect on the overall financial position of the Academy at June 30, 2005.

B. Litigation

A suit was filed in Franklin County Common Pleas Court on May 14, 2001, alleging that Ohio's Community (i.e., Charter) Schools program violates the State Constitution and State laws. On April 21, 2003, the Common Pleas Court dismissed the counts containing constitutional claims and stayed the other counts pending appeal of the constitutional issues. The plaintiffs appealed to the Court of Appeals; the issues have been briefed, and the case was heard for oral argument on November 18, 2003. On August 24, 2004, the Court of Appeals rendered a decision that Community Schools are part of the state public educational system and this matter was sent to the Ohio Supreme Court. The Ohio Supreme Court accepted the appeal from the Court of Appeals for review on February 16, 2005. Oral argument occurred November 29, 2005.

Note 8 – Related Party

On June 9, 2004, three administrative employees of Mansfield City School District were appointed to the Board of Directors of the Academy. The Academy is a general population community school sponsored by the Mansfield City School District. At the June 30, 2005 school year, the Academy had an enrollment of 130 students. The Academy is contracting with the Mansfield City School District to manage its operations for school years 2005 through 2010. All services are to be provided on a purchased service or reimbursement basis.

Mansfield Enhancement Academy
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

During the fiscal year 2005, \$271,329 of services was provided to the Academy and is reflected on the financial statements as purchased services.

Note 9 – State School Funding Decision

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional. The Supreme Court relinquished jurisdiction over the case and directed "the Ohio General Assembly to enact a school funding scheme that is thorough and efficient".

The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

Note 10 – Subsequent Event

In July 2005, the Ohio Department of Education approved the Academy's grant application for the Public Charter Schools Program. The funding amount available to the Academy is \$300,000. This funding can be used for expenditures incurred from July 1, 2005, through June 30, 2006.

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

November 4, 2005

The Board of Education
Mansfield Enhancement Academy
Mansfield, Ohio 44906

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

We have audited the basic financial statements of Mansfield Enhancement Academy as of and for the year ended June 30, 2005, and have issued our report thereon dated November 4, 2005. We have 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Mansfield Enhancement Academy's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain matters that we have reported to management of Mansfield Enhancement Academy in a separate letter dated November 4, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mansfield Enhancement Academy's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the Board of Education, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Rea & Associates, Inc.



**Auditor of State
Betty Montgomery**

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800-282-0370

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MANSFIELD ENHANCEMENT ACADEMY

RICHLAND COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 30, 2005**