AUTISM ACADEMY OF LEARNING
LUCAS COUNTY

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2011

Dave Yost · Auditor of State

AUTISM ACADEMY OF LEARNING
LUCAS COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

Autism Academy of Learning
Lucas County
219 Page Street
Toledo, Ohio 43620

To the Governing Board:

We have audited the accompanying basic financial statements of Autism Academy of Learning, Lucas County, Ohio (the School), as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the School'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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Autism Academy of Learning, Lucas County, Ohio, as of June 30, 2011, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2012, on our consideration of the School'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.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* as 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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

Dave Yost
Auditor of State

January 18, 2012

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

The management's discussion and analysis of the Autism Academy of Learning (the "Academy") financial performance provides an overall review of the Academy's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole; readers should also review the 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 2011 are as follows:

- Net assets were $509,730 at June 30 2011.

- The Academy had operating revenues of $1,536,951 and operating expenses of $1,805,591 for fiscal year 2011. The Academy also received $366,869 in federal and State grants during fiscal year 2011. The total change in net assets for the fiscal year was an increase of $114,582.

Using these Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Academy's financial activities. The s*tatement of net assets* and s*tatement of revenues, expenses and changes in net assets* provide information about the activities of the Academy, including all short-term and long-term financial resources and obligations.

Reporting the Academy Financial Activities

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

These documents look at all financial transactions and ask the question, "How did we do financially during 2011?" The statement of net assets and the statement of revenues, expenses and changes in net assets answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Academy's *net assets* and changes in those assets. This change in net assets 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.

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

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

Net Assets

	2011		2010
Assets			
Current assets	$ 648,019		$ 380,713
Capital assets, net	80,450		81,583
Total assets	728,469		462,296
Liabilities			
Current liabilities	218,739		65,796
Non-current liabilities	-		1,352
Total liabilities	218,739		67,148
Net Assets			
Invested in capital assets, net of related debt	79,098		76,854
Restricted	54,786		21,940
Unrestricted	375,846		296,354
Total net assets	$ 509,730		$ 395,148

At June 30, 2011, the Academy's assets increased by $266,173, which represents a 58% increase from fiscal year 2010. This was primarily due to an increase in cash and cash equivalents, by $249,190, and intergovernmental receivables by $19,947. Total liabilities increased by $151,591 which represents a 226% increase from fiscal year 2010. This was primarily a result of refund of Foundation revenue due to the Ohio Department of Education for $120,703 recorded as a part of intergovernmental payables. The net assets of the Academy increased $114,582, which represents a 29% increase from fiscal year 2010.

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

Change in Net Assets

	2011	2010
Operating Revenues:		
Special education	$ 1,211,441	$ 1,234,695
Foundation basic aid	325,510	338,014
Total operating revenue	1,536,951	1,572,709
Operating Expenses:		
Salaries and wages	970,355	948,998
Fringe benefits	271,183	270,628
Purchased services	439,937	438,074
Materials and supplies	67,508	57,509
Depreciation	28,005	29,290
Other	28,603	24,795
Total operating expenses	1,805,591	1,769,294
Non-operating revenues (expenses):		
Federal and state grants	366,869	231,568
Interest income	2,300	3,177
Contributions and donations	14,292	13,396
Interest and fiscal charges	(239)	(508)
Total non-operating revenues (expenses)	383,222	247,633
Change in net assets	114,582	51,048
Net assets at beginning of year	395,148	344,100
Net assets at end of year	$ 509,730	$ 395,148

State Foundation Basic Aid and Special Education, as a whole, are the primary support for the Academy, representing 80% of the total revenue during fiscal year 2011. Expenses remained relatively stable from fiscal year 2010 to fiscal year 2011, with a modest increase of 2%. The increase of $135,301 in Federal and State grants was due to the receipt of American Recovery and Reinvestment Act (ARRA) grants and Education Jobs Grant funding during fiscal year 2011.

Capital Assets

At June 30, 2011, the Academy had $80,450 invested in furniture, fixtures and equipment, leasehold improvements, vehicles and capital leases net of accumulated depreciation. The Academy had $26,872 in capital acquisitions and $28,005 in depreciation expense in fiscal year 2011. Capital assets, net of accumulated depreciation decreased $1,133 from fiscal year 2010. See Note 6 in the notes to the basic financial statements for more detail on capital assets.

Debt Administration

At June 30, 2011, the Academy had $1,352 in capital lease obligations outstanding. The entire amount is due within one year. See Note 7 in the notes to the basic financial statements for more detail on capital lease obligations outstanding.

Current Financial Related Activities

The Autism Academy of Learning was formed in 2001. During the 2010-2011 school year there were 56 students enrolled in the Academy. The Academy receives its finances mostly from State aid. In order to continually provide learning opportunities to the Academy's students, the Academy will apply resources to best meet the needs of its students. It is the intent of the Academy to apply for State and Federal funds that are made available to finance its operations.

Contacting the Academy's Financial Management

This financial report is designed to provide our clients 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 questions about this report or need additional financial information contact: Ms. Carol Holmes, Board President of Autism Academy of Learning, 219 Page Street, Toledo, Ohio 43620 or email at board@theautismacademy.org.

AUTISM ACADEMY OF LEARNING
LUCAS COUNTY

STATEMENT OF NET ASSETS
JUNE 30, 2011

Assets:	
Current assets:	
Equity in pooled cash and cash equivalents	$ 595,870
Intergovernmental receivables	34,232
Prepayments	17,917
Total current assets	648,019
Non-current assets:	
Depreciable capital assets, net	80,450
Total assets	728,469
Liabilities:	
Current liabilities:	
Accounts payable	19,976
Accrued wages and benefits	29,608
Pension obligation payable	27,941
Intergovernmental payable	139,862
Capital leases payable	1,352
Total liabilities	218,739
Net assets:	
Invested in capital assets, net of related debt	79,098
Restricted for:	
Locally funded programs	11,312
Federal programs	43,474
Unrestricted	375,846
Total net assets	$ 509,730

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

AUTISM ACADEMY OF LEARNING
LUCAS COUNTY

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

Operating revenues:	
Special education	$ 1,211,441
Foundation basic aid	325,510
Total operating revenues	1,536,951
Operating expenses:	
Salaries and wages	970,355
Fringe benefits	271,183
Purchased services	439,937
Materials and supplies	67,508
Other	28,603
Depreciation	28,005
Total operating expenses	1,805,591
Operating loss	(268,640)
Non-operating revenues (expenses):	
Federal and state operating grants	366,869
Interest revenue	2,300
Contributions and donations	14,292
Interest and fiscal charges	(239)
Total non-operating revenues (expenses)	383,222
Change in net assets	114,582
Net assets at beginning of year	395,148
Net assets at end of year	$ 509,730

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

AUTISM ACADEMY OF LEARNING
LUCAS COUNTY

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

Cash flows from operating activities:	
Cash received from state foundation	$ 1,655,328
Cash payments for salaries and wages	(959,213)
Cash payments for fringe benefits	(249,211)
Cash payments for contractual services	(434,472)
Cash payments for materials and supplies	(66,591)
Cash payments for other expenses	(26,841)
Net cash used in operating activities	(81,000)
Cash flows from noncapital financing activities:	
Federal and state operating grants	344,086
Cash received from contributions and donations	14,292
Net cash provided by noncapital financing activities	358,378
Cash flows from capital and related financing activities:	
Interest and fiscal charges	(239)
Principal retirement on capital lease	(3,377)
Acquisition of capital assets	(26,872)
Net cash used in capital and related financing activities	(30,488)
Cash flows from investing activities:	
Interest received	2,300
Net increase in cash and cash equivalents	249,190
Cash and cash equivalents at beginning of year	346,680
Cash and cash equivalents at end of year	$ 595,870
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (268,640)
Adjustments:	
Depreciation	28,005
Changes in assets and liabilities:	
Decrease in intergovernmental receivable	2,836
Decrease in prepayments	1,831
Decrease in accounts payable	(775)
Increase in accrued wages and benefits	11,142
Increase in intergovernmental payable	123,174
Increase in pension obligation payable	21,427
Net cash used in operating activities	$ (81,000)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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NOTE 1 - DESCRIPTION OF THE ACADEMY

Autism Academy of Learning (the "Academy") is a nonprofit corporation established pursuant to Ohio Revised 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 which have occurred that might adversely affect the Academy's tax exempt status. The Academy provides services to autistic students ages 5 through 21 year-round and operates a Parent Resource Room, which offers parents of enrolled students resources and information on parenting children with autism. The Academy, which is part of the State's education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The Academy may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the Academy.

The Academy was approved for operation under contract with the Lucas County Educational Service Center (the "Sponsor") commencing July 12, 2001. The sponsorship agreement has been renewed on a yearly basis since the expiration of the original contract. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration. The sponsorship agreement states the Treasurer of Lucas County Educational Service Center shall serve as the Chief Financial Officer of the Academy (See Note 12).

The Academy operates under the direction of a five-member Board of Directors. The Board of Directors is responsible for carrying out the provisions of the contract, which include, but are not limited to, State-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Board of Directors controls the Academy's one instructional/support facility staffed by 18 non-certified and 26 certified teaching personnel who provide services to 56 students.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the Academy have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Academy also applies Financial Accounting Standards Board (FASB) guidance issued prior to November 30, 1989, provided those pronouncements do not conflict with or contradict GASB pronouncements. The Academy has elected not to apply FASB guidance issued after November 30, 1989. The Academy's significant accounting policies are described below.

A. Basis of Presentation

The Academy's basic financial statements consist of a statement of net assets, a statement of revenues, expenses and changes in net assets, and a statement of cash flows. Enterprise fund reporting focuses on the determination of the change in net assets, financial position and cash flows.

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

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 statements of net assets. The statement of 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 finances and meets the cash flow needs of its enterprise activities.

C. Basis of Accounting

Basis of accounting determines when transactions are recognized 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 nonexchange 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 specific 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

The contract between the School and its Sponsor prescribes an annual budget requirement in addition to preparing a 5-year forecast, which is to be updated on an annual basis. Chapter 5705.391(A) of the Ohio Revised Code also requires the School to prepare a 5-year forecast, update it annually, and submit it to the Superintendent of Public Instruction at the Ohio Department of Education.

E. Cash and Cash Equivalents

All monies received by the Academy are accounted for by the Academy's fiscal agent, the Lucas County Educational Service Center. All cash received by the fiscal agent is maintained in separate bank accounts in the Academy's name. Monies for the Academy are maintained in these accounts or temporarily used to purchase short-term investments.

For the purposes of the statement of cash flows and for presentation on the statement of net assets, investments with original maturities of three months or less at the time they are purchased by the Academy are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments. During the fiscal year ended 2011, the Academy only had deposits.

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

F. Capital Assets and Depreciation

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the dates received. The Academy maintains a capitalization threshold of $250. The Academy does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Live
Leasehold improvements	3 Years
Furniture, fixtures and equipment	5 Years
Vehicles	5 Years
Computers	3 Years

G. Intergovernmental Revenues

The Academy currently participates in the State Foundation Program, State Special Education Program, EMIS, American Recovery and Reinvestment Act (ARRA) grants, IDEA-B grant, the education jobs grant, the Title I grant, the Title I-A grant, the Title II-D grant, Title II-A and the Title IV-A. Revenues from the State foundation program are recognized as operating revenue in the accounting period in which all eligibility requirements had been met. Revenues received from the remaining programs are recognized as non-operating revenues in the accompanying financial statements. Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2011, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the year in which services are consumed.

I. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings 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 or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

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

J. Estimates

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

K. 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 service that is the primary activity of the Academy. All revenues and expenses not meeting this definition are reported as non-operating.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

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

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB Statement No. 54 also clarifies the definitions of governmental fund types. The implementation of GASB Statement No. 54 did not have an effect on the financial statements of the Academy.

GASB Statement No. 59 updates and improves guidance for financial reporting and disclosure requirements of certain financial instruments and external investment pools. The implementation of GASB Statement No. 59 did not have an effect on the financial statements of the Academy.

NOTE 4 - DEPOSITS

At June 30, 2011, the carrying amount of all Academy deposits was $595,870. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2011, the Academy's bank balance was $629,859, of this $424,283 was covered by the Federal Deposit Insurance Corporation (FDIC) and $205,576 was covered by the National Credit Union Administration (NCUA).

NOTE 5 - RECEIVABLES

Receivables at June 30, 2011, consisted of intergovernmental receivables arising from grants and entitlements. All receivables are considered collectable in full. A summary of the intergovernmental receivables follows:

Intergovernmental receivables:	Amount
Medicaid	$ 2,244
Education jobs fund	27,608
IDEA Part-B	2,007
Title II-D	331
Title I-A	1,953
Title IV-A	89
Total intergovernmental receivables	$ 34,232

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Balance 06/30/10	Additions	Disposals	Balance 06/30/11
Capital assets, being depreciated:				
Furniture, fixtures and equipment	$ 105,088	$ 2,712		$ 107,800
Leasehold improvements	28,042			$ 28,042
Vehicles	70,544	24,160		94,704
Capital leases	21,044			21,044
Total capital assets, being depreciated	224,718	26,872		251,590
Accumulated depreciation:				
Furniture, fixtures and equipment	(79,924)	(9,300)		(89,224)
Leasehold improvements	(28,042)			(28,042)
Vehicles	(16,305)	(16,525)		(32,830)
Capital leases	(18,864)	(2,180)		(21,044)
Total accumulated depreciation	(143,135)	(28,005)		(171,140)
Capital assets, net	$ 81,583	$ (1,133)		$ 80,450

NOTE 7 - CAPITALIZED LEASE - LESSEE DISCLOSURE

The Academy entered into a capital lease agreement in January 2007 for a copier. The lease met the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. The capital lease is recorded at the present value of the future minimum lease payments as of the inception date. Principal payments made during fiscal year 2011 totaled $3,377.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2011:

Fiscal Year Ending June 30,	Total
2012	$ 1,386
Minimum lease payments	1,386
Less: interest	(34)
Present value of minimum lease payments	$ 1,352

NOTE 8 - RISK MANAGEMENT

A. 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 fiscal year 2011, the Academy contracted with Philadelphia Insurance Company for general liability and property insurance and educational errors and omissions insurance.

Coverage is as follows:

Coverage	Limits of Coverage
Commercial General Liability per occurrence	$1,000,000
Commercial General Liability aggregate	2,000,000
Personal Injury and Property Damage	1,000,000
Directors and Officers Liability per occurrence	1,000,000
Directors and Officers Liability aggregate	2,000,000
Business Automobile	1,000,000

Settled claims have not exceeded this coverage in any of the past three years. During fiscal year 2011, the commercial general liability per occurrence limit of coverage was reduced from $2,000,000 to $1,000,000. There has been no other significant reduction in coverage from the prior fiscal year.

The Academy owns no property, but leases a facility located at 219 Page Street, Toledo, Ohio 43620 (See Note 11).

NOTE 8 - RISK MANAGEMENT - (Continued)

B. Workers' Compensation

The Academy pays the State Worker's Compensation System a premium for employee injury coverage. The premium is calculated by multiplying the monthly total gross payroll by a factor that is calculated by the State.

C. Employee Benefits

The Academy provides life, dental and medical/surgical benefits to its salaried employees through Paramount. The Academy also provides vision benefits to most employees through Vision Service Plan.

NOTE 9 - PENSION PLANS

A. School Employees Retirement System

Plan Description - The Academy contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under *"Media/Financial Reports"*.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the Academy is required to contribute at an actuarially determined rate. The current Academy rate is 14 percent of annual covered payroll. A portion of the Academy's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2011, 11.77 percent and 0.04 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The Academy's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were $61,048, $62,999 and $38,981, respectively; 72.72 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

B. State Teachers Retirement System of Ohio

Plan Description - The Academy participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org. under *"Publications".*

NOTE 9 - PENSION PLANS - (Continued)

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For fiscal year 2011, plan members were required to contribute 10 percent of their annual covered salaries. The Academy was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The Academy's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010 and 2009 were $57,498, $58,039 and $50,829, respectively; 93.45 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were $1,041 made by the Academy and $743 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2011, certain members of the Board of Directors have elected Social Security. The Academy's liability is 6.2 percent of wages paid.

NOTE 10 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The Academy participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Chapter 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 was $96.40 and SERS' reimbursement to retirees was $45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under *"Media/Financial Reports"*.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2011, 1.43 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the actuarially determined amount was $35,800.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The Academy's contributions for health care (including surcharge) for the fiscal years ended June 30, 2011, 2010, and 2009 were $15,730, $9,935 and $25,853, respectively; 72.72 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

NOTE 10 - POSTEMPLOYMENT BENEFITS - (Continued)

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2011, this actuarially required allocation was 0.76 percent of covered payroll. The Academy's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were $3,929, $3,746 and $3,216, respectively; 72.72 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

B. State Teachers Retirement System of Ohio

Plan Description - The Academy contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org under *"Publications"* or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The Academy's contributions for health care for the fiscal years ended June 30, 2011, 2010 and 2009 were $4,423, $4,465 and $3,910, respectively; 93.45 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

NOTE 11 - OPERATING LEASES

The Academy entered into an operating lease agreement with the Roman Catholic Diocese of Toledo in America, for the operation of the Academy's facility, for a term beginning March 1, 2004 through August 31, 2006. The lease agreement was renewed, began September 1, 2006 through June 30, 2011. This agreement is, in substance, a rental agreement (operating lease) and is classified as purchased services in the financial statements. Facility lease payments for the year totaled $108,000 during fiscal year 2011. The July 2011 lease payment was included as a prepaid asset on the statement of net assets.

NOTE 12 - FISCAL AGENT

The Academy entered into a service agreement as part of its Sponsorship contract with the Treasurer of the Lucas County Educational Service Center (the Sponsor) to serve as the Chief Fiscal Officer of the Academy. As part of this agreement, the Academy shall compensate the Sponsor two percent of the per pupil allotment paid to the Academy from the State of Ohio. Total contract payments of $30,380 in fiscal fees and $24,787 in Sponsor fees were paid during fiscal year 2011. A liability in the amount of $8,380 was accrued for June 2011 fiscal fees paid in fiscal year 2012.

NOTE 12 - FISCAL AGENT - (Continued)

The Treasurer shall perform all of the following functions while serving as the Chief Fiscal Officer of the Academy:

- Maintain custody of all funds received by the Academy in segregated accounts separate from the Sponsor or any other Community Academy's funds;
- Maintain all books and accounts of the Academy;
- Maintain all financial records of all State funds of the Academy and follow State Auditor procedures for receiving and expending State funds;
- Assist the Academy in meeting all financial reporting requirements established by the Auditor of the State of Ohio;
- Invest funds of the Academy in the same manner as the funds of the Sponsor are invested, but the Treasurer shall not commingle the funds with any of the Sponsor or any other community Academy; and,
- Pay obligations incurred by the Academy within a reasonable amount of time, not more than 14 calendar days after receipt of a properly executed voucher signed by the Chief Administrative Office of the Academy so long as the proposed expenditure is within the approved budget and funds are available.

NOTE 13 - PURCHASED SERVICES

For fiscal year 2011, purchased services expenses were payments for services rendered by various vendors, as follows:

Professional and technical services	$ 312,962
Property services	118,300
Travel	2,080
Communcations	4,542
Other	2,053
Total	$ 439,937

NOTE 14 - CONTINGENCIES

A. Grants

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

NOTE 14 – CONTINGENCIES (Continued)

B. State Foundation Funding

The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which State foundation funding is calculated. For fiscal year 2011, the review resulted in an increase in funding of $310.

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

Autism Academy of Learning
Lucas County
219 Page Street
Toledo, Ohio 43620

To the Governing Board:

We have audited the financial statements of Autism Academy of Learning, Lucas County, Ohio (the School), as of and for the year ended June 30, 2011, which collectively comprise the School's basic financial statements and have issued our report thereon dated January 18, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the School's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the School'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 School'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.

One Government Center, Suite 1420, Toledo, Ohio 43604-2246
Phone: 419-245-2811 or 800-443-9276 Fax: 419-245-2484
www.auditor.state.oh.us

Compliance and Other Matters

As part of reasonably assuring whether the School's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note a matter not requiring inclusion in this report that we reported to the School's management in a separate letter dated January 18, 2012.

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

Dave Yost

Dave Yost
Auditor of State

January 18, 2012

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

Autism Academy of Learning
Lucas County
219 Page Street
Toledo, Ohio 43620

To the Governing Board:

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

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

We noted the School amended its anti-harassment policy at its meeting on December 15, 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 Governing Board and School's sponsor, and is not intended to be and should not be used by anyone other than these specified parties.

Dave Yost

Dave Yost
Auditor of State

January 18, 2012

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Dave Yost • Auditor of State

AUTISM ACADEMY OF LEARNING

LUCAS 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
FEBRUARY 2, 2012

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