



Dave Yost • Auditor of State



**TOMORROW CENTER COMMUNITY SCHOOL  
MORROW COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Tomorrow Center Community School  
Morrow County  
3700 CR 168  
Cardington, Ohio 43315

To the Board of Directors:

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

We have audited the accompanying financial statements of the Tomorrow Center Community School, Morrow County, Ohio, (the School) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Tomorrow Center Community School, Morrow County, Ohio, as of June 30, 2017, and the change in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2018, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

May 11, 2018

**Tomorrow Center Community School  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017**

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The management's discussion and analysis of the Tomorrow Center Community School's (the "Center") financial performance provides an overall review of the Center's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the Center'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 Center's financial performance.

**Financial Highlights**

Key financial highlights for 2017 are as follows:

- In total, net position was \$501,075 at June 30, 2017, an increase of \$25,706 from 2016.
- The Center had operating revenues of \$1,199,822 and operating expenses of \$1,405,293 for fiscal year 2017. The Center's operating loss for the fiscal year was \$205,471.

**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 Center's financial activities. The *statement of net position* and *statement of revenues, expenses and change in net position* provide information about the activities of the Center, including all short-term and long-term financial resources and obligations.

**Reporting the Center Financial Activities**

**Statement of Net Position, Statement of Revenues, Expenses, and Change in Net Position and the Statement of Cash Flows**

These documents look at all financial transactions and ask the question, "How did we do financially during 2017?" The statement of net position and the statement of revenues, expenses and change in net position answer this question. These statements include *all assets and deferred outflows of resources*, and *liabilities and deferred inflows of resources, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Center's *net position* and changes in that position. This change in net position is important because it tells the reader that, for the Center as a whole, the *financial position* of the Center 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 reflects how the center finances and meets cash flow needs.

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**Tomorrow Center Community School  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017**

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The table below provides a summary of the Center's net position for 2017 and 2016.

	<u>2017</u>	<u>2016</u>
Assets:		
Current and Other Assets	\$445,898	\$386,431
Capital Assets	<u>63,875</u>	<u>88,938</u>
Total Assets	<u>509,773</u>	<u>475,369</u>
Liabilities:		
Current Liabilities	<u>8,698</u>	<u>0</u>
Total Liabilities	<u>8,698</u>	<u>0</u>
Net Position:		
Investment in Capital Assets	63,875	88,938
Restricted	5,390	4,495
Unrestricted	<u>431,810</u>	<u>381,936</u>
Total Net Position	<u><u>\$501,075</u></u>	<u><u>\$475,369</u></u>

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2017, the Center's net position totaled \$501,075, a 5% increase from fiscal year 2016.

Total assets increased primarily due to an increase in pooled cash and cash equivalents. Total liabilities increased due to an increase in accounts payable.

At year end, capital assets represented 13% of total assets. Capital assets consisted of furniture and equipment. There is no debt related to these capital assets. Capital assets are used to provide services to the students and are not available for future spending.

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**Tomorrow Center Community School  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017**

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The table below shows the changes in net position for fiscal year 2017 and 2016.

	Change in Net Position	
	2017	2016
Operating Revenues:		
State Foundation	\$1,156,292	\$980,573
Other Revenues	43,530	32,490
Total Operating Revenues	<u>1,199,822</u>	<u>1,013,063</u>
Operating Expenses:		
Contract Services	1,222,860	1,341,920
Materials and Supplies	90,281	83,052
Depreciation	25,063	29,353
Other Expenses	67,089	29,272
Total Operating Expenses	<u>1,405,293</u>	<u>1,483,597</u>
Operating Income (Loss)	<u>(205,471)</u>	<u>(470,534)</u>
Non-Operating Revenues:		
Investment Earnings	154	157
State and Federal Grants	231,023	229,403
Total Non-Operating Revenues	<u>231,177</u>	<u>229,560</u>
Change in Net Position	25,706	(240,974)
Net Position - Beginning of Year	<u>475,369</u>	<u>716,343</u>
Net Position - End of Year	<u><u>\$501,075</u></u>	<u><u>\$475,369</u></u>

Total operating revenues increased primarily due to an increase in State Foundation revenues. Total operating expenses decreased primarily due to a decrease in contract services expenses.

**Capital Assets**

At June 30, 2017, the Center had \$63,875 invested in furniture and equipment net of accumulated depreciation. The net decrease in capital assets was due to current year depreciation expense exceeded current year additions. See Note 5 to the basic financial statements for more detail on capital assets.

**Current Financial Related Activities**

The Center is a conversion community school sponsored by the Cardington-Lincoln Local School District. The Center entered into a new agreement with Cardington-Lincoln Local School District during 2016.

Like most traditional schools, the Center is a labor-intensive endeavor. Unlike traditional schools

**Tomorrow Center Community School  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017**

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however, a community school cannot levy any taxes and must survive on State and Federal revenues and donations. At this time, the Center relies solely on the resources provided through State and Federal funding.

The Center is committed to operating within its financial means, and to working with the local community and agencies it serves to provide the required educational programs for these students.

**Contacting the Center's Financial Management**

This financial report is designed to provide citizens, taxpayers, investors and creditors with a general overview of the Center's finances and to show the Center's accountability for the resources it receives. If you have any questions, or concerns, about this report or need additional financial information, contact the Mid-Ohio ESC at 890 West 4<sup>th</sup> Street Mansfield, Ohio 44906.

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Tomorrow Center Community School  
Statement of Net Position  
June 30, 2017

	<u>Tomorrow Center</u>
Assets:	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$426,295
Receivables:	
Intergovernmental	<u>19,603</u>
Total Current Assets	<u>445,898</u>
Noncurrent Assets:	
Depreciable Capital Assets, Net	<u>63,875</u>
Total Noncurrent Assets	<u>63,875</u>
Total Assets	<u>509,773</u>
Liabilities:	
Current Liabilities:	
Accounts Payable	<u>8,698</u>
Total Liabilities	<u>8,698</u>
Net Position:	
Investment in Capital Assets	63,875
Restricted:	
Federally Funded Programs	5,390
Unrestricted	<u>431,810</u>
Total Net Position	<u>\$501,075</u>

See accompanying notes to the basic financial statements.

Tomorrow Center Community School  
Statement of Revenues, Expenses and Change in Net Position  
For the Fiscal Year Ended June 30, 2017

	<u>Tomorrow Center</u>
Operating Revenues:	
State Foundation	\$1,156,292
Other Revenues	<u>43,530</u>
Total Operating Revenues	<u>1,199,822</u>
Operating Expenses:	
Contract Services	1,222,860
Materials and Supplies	90,281
Depreciation	25,063
Other Expenses	<u>67,089</u>
Total Operating Expenses	<u>1,405,293</u>
Operating Income (Loss)	<u>(205,471)</u>
Non-Operating Revenues:	
Investment Earnings	154
State and Federal Grants	<u>231,023</u>
Total Non-Operating Revenues	<u>231,177</u>
Change in Net Position	25,706
Net Position - Beginning of Year	<u>475,369</u>
Net Position - End of Year	<u><u>\$501,075</u></u>

See accompanying notes to the basic financial statements.

Tomorrow Center Community School  
Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2017

	<u>Tomorrow Center</u>
Cash Flows from Operating Activities:	
Cash Received from State Foundation	\$1,199,822
Cash Payments from Contractual Services	(1,220,598)
Cash Payments for Materials and Supplies	(90,035)
Cash Payments for Other Expenses	<u>(60,899)</u>
Net Cash Provided (Used) by Operating Activities	<u>(171,710)</u>
Cash Flows from Noncapital Financing Activities:	
Cash Received from State and Federal Grants	<u>290,960</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>290,960</u>
Cash Flows from Investing Activities:	
Earnings on Investments	<u>154</u>
Net Cash Provided (Used) by Cash Flows from Investing Activities	<u>154</u>
Net Increase (Decrease) in Cash and Cash Equivalents	119,404
Cash and Cash Equivalents - Beginning of Year	<u>306,891</u>
Cash and Cash Equivalents - End of Year	<u><u>\$426,295</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	(\$205,471)
Adjustments:	
Depreciation	25,063
Changes in Assets & Liabilities:	
Increase (Decrease) in Accounts Payable	<u>8,698</u>
Net Cash Provided (Used) by Operating Activities	<u><u>(\$171,710)</u></u>

See accompanying notes to the basic financial statements.

**Tomorrow Center Community School  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2017**

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**Note 1 - Description of the Center**

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Tomorrow Center Community School (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 their tax exempt status. The Center's objective is to deliver a comprehensive educational program of high quality, tied to State and national standards, that includes therapeutic opportunities which can be delivered to students in the grades 3 through 12. The Center is a public school that provides an alternative to the traditional educational setting. The Center serves a student population who are identified as at risk due to drug and/or alcohol involvement, severe emotional disturbance, multiple disabilities, partial hospitalization, or as an alternative to suspension/expulsion. The Center, which is part of the State's education program, is nonsectarian in its programs, admissions policies, employment practices, and all other operations. The Center may acquire facilities as needed and contract for any services necessary for the operation of the school.

The Center was certified by the State of Ohio Secretary of State as a non-profit organization on April 23, 2002. The Center entered into a sponsorship contract with Cardington-Lincoln Local Schools for a 5 year period effective July 1, 2015. 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 Center operates under the direction of a five-member Board of Directors. The Center's Board of Directors is appointed by the following agencies on a pro-rated basis. Cardington-Lincoln Local Schools Board of Education (2) representatives, Morrow County Job and Family Services (1) representative, Central Ohio Mental Health Center (1) representative, and Recovery Prevention Resources (1) representative. Directors each serve a two year term. A resignation or vacancy on the Board of Directors will be appointed for the remaining term by the agency that has representation. 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 Center has developed a cooperative arrangement with the Sponsor.

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

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The basic financial statements of the Center 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 Center's significant accounting policies are described below.

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**Tomorrow Center Community School  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2017**

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**Basis of Presentation**

Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises and focuses on the determination of operating income, changes in net position, financial position, and cash flows. Enterprise accounting may be used to account for any activity for which a fee is charged to external users for goods or services.

**Measurement Focus and Basis of Accounting**

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows, all liabilities and deferred inflows are included on the statement of net position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

**Budgetary Process**

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided in the Center's contract with its Sponsor. The contract between the Center and its Sponsor requires a detailed school budget for each year of the contract; however, the budget does not have to follow the provisions of Ohio Revised Code Chapter 5705.

**Cash and Cash Equivalents**

All monies received by the Center are deposited in a demand deposit account.

**Capital Assets and Depreciation**

All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market value on the date donated. The Center maintains a capitalization threshold of \$500 for nontechnical and audio/visual equipment and for technical and audiovisual equipment. The Center does not have 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 capitalized.

All capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method. Furniture and equipment is depreciated over five to fifteen years.

**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.

**Tomorrow Center Community School  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2017**

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**Net Position**

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Investment in capital assets, consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

**Intergovernmental Revenue**

The Center 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 are met.

Federal and State grants are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Center must provide local resources to be used for a specified purpose, and expense requirements, in which the resources are provided to the Center on a reimbursement basis.

The Center participates in various programs through the Ohio Department of Education. These include the Title I, Title II-A, and IDEA grants.

**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.

**Income Taxes**

The Center is exempt from Federal income tax as an exempted affiliate of a governmental unit. Accordingly, no income tax expense is recorded in the accompanying financial statements.

Generally accepted accounting principles require the Center to evaluate the level of uncertainty related to whether tax positions taken will be sustained upon examination. Any positions taken that do not meet the more-likely-than-not threshold must be quantified and recorded as a liability for unrecognized tax benefits in the accompanying financial statement of net position along with any associated interest and penalties that would be payable to the taxing authorities upon examination. Interest and penalties associated with unrecognized tax benefits are classified as additional income taxes in the statement of revenues, expenses and changes in net position. The Center believes that none of the tax positions taken would materially impact the financial statements and no such liabilities have been recorded.

**Tomorrow Center Community School  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2017**

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**Note 3 – Deposits**

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At June 30, 2017, the carrying amount of all Center deposits was \$426,295. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2017, \$185,827 of the Center’s bank balance of \$435,827 was exposed to custodial risk, while \$250,000 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the Center’s deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Center. The Center has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions’ trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Center to a successful claim by the FDIC.

**Note 4 – Receivables**

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Receivables at June 30, 2017, consisted of intergovernmental receivables arising from grants and entitlements. All receivables are considered collectable in full.

**Note 5 – Capital Assets**

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A summary of capital assets at June 30, 2017 follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b><i>Capital Assets, being depreciated:</i></b>				
Furniture and Equipment	\$452,487	\$0	\$0	\$452,487
Less Accumulated Depreciation	(363,549)	(25,063)	0	(388,612)
Capital Assets, Net	<u>\$88,938</u>	<u>(\$25,063)</u>	<u>\$0</u>	<u>\$63,875</u>

**Note 6 – Related Party Transactions**

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For fiscal year ended June 30, 2017, contract services expenses through Cardington-Lincoln Local Schools were as follows:

Building Lease	\$198,000
Sponsorship Fee	36,633
Transportation Services	62
	<u>\$234,695</u>

**Tomorrow Center Community School  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2017**

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The above transactions are related party transactions since these services are purchased through the Sponsor, Cardington-Lincoln Local Schools.

**Note 7 – Risk Management**

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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. The Center is covered under the liability and property policies of the Cardington-Lincoln Local Schools.

Total Policy coverage - includes the following:

Blanket Building and Personal Property limit (\$1,000 deductible)	
Equipment Breakdown (\$1,000 deductible)	\$46,298,977
Inland Marine (\$500 deductible)	\$438,023
Auto Liability & Uninsured/underinsured motorist	\$1,000,000
Medical payments	\$5,000
Public Employee Dishonesty (\$500 deductible)	\$50,000
General school district liability	\$2,000,000
Per occurrence	\$1,000,000
Umbrella Coverage	2,000,000
Per occurrence	\$1,000,000

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There has been no significant reduction in amounts of insurance coverage from fiscal year 2016.

**Note 8 - Contingencies**

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**Litigation**

The Center is not involved in any other litigation that, in the opinion of management, would have a material effect on the financial statements.

**Foundation Funding**

School foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. However, there is an important nexus between attendance and enrollment for Foundation funding purposes. Community schools must provide documentation that clearly demonstrates students have participated in learning opportunities. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end.

Under Ohio Rev. Code Section 3314.08, ODE may also perform a FTE Review subsequent to the fiscal year end that may result in an additional adjustment to the enrollment information as well as claw backs

**Tomorrow Center Community School  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2017**

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of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance. ODE performed such a review on the School for fiscal year 2017 and determined the School was overpaid \$17,806. This amount has not been reported as intergovernmental payable in the financial statements.

**Grants**

The Center 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 Center at June 30, 2017.

**Note 9 - Service Contract**

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Mid Ohio ESC and the Center have entered into a service contract agreement. This agreement states that the Center will contract for educational services from Mid ESC. Mid Ohio ESC agreed to provide the requested services and receive reimbursements for the Center pursuant to Ohio Revised Code Section 3317.11 as follows:

1. Food services
2. Supervision/Director services
3. Office management services
4. Principal mentoring services
5. Treasurer services
6. Classroom instructional services
7. Intervention Specialist services
8. Family & Civic Coordinator services

In fiscal year 2017, payments were made by the Center to Mid Ohio ESC totaling \$810,483. These represent payments for reimbursements for services provided by Mid Ohio ESC to the Center.

**Note 10 – Operating Lease**

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On July 3, 2015 the Center moved into a building located at 3700 County Road 168 Cardington, Ohio 43315, which is leased by Cardington-Lincoln Local School District for a five year period. During fiscal year 2017, the Center made rental payments of \$198,000 per an informally agreed upon amount between the Center and Cardington-Lincoln Local School District.

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# Dave Yost • Auditor of State

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

Tomorrow Center Community School  
Morrow County  
3700 CR 168  
Cardington, Ohio 43315

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Tomorrow Center Community School, Morrow County, Ohio, (the School) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated May 11, 2018.

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the School's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matter we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

May 11, 2018



# Dave Yost • Auditor of State

**TOMORROW CENTER COMMUNITY SCHOOL**

**MORROW 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  
JUNE 12, 2018**