



Dave Yost • Auditor of State



**FRANKLINTON PREPARATORY ACADEMY  
FRANKLIN COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Franklinton Preparatory Academy  
Franklin County  
40 Chicago Avenue  
Columbus, Ohio 43222

To the Board of Directors:

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

We have audited the accompanying financial statements of Franklinton Preparatory Academy, Franklin County, Ohio (the Academy), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

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

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

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

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Academy's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Academy's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of 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 Franklinton Preparatory Academy, Franklin County, Ohio as of June 30, 2014, and the change in its financial position and its cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 20 to the financial statements, the Academy has suffered losses from operation and has a net position deficiency. Note 20 describes management's plans regarding these matters. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. This matter does not affect our opinion on these financial statements.

**Other Matters**

*Required Supplementary Information*

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2014, on our consideration of the Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.



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

November 20, 2014

**Franklinton Preparatory Academy**  
Franklin County  
Management's Discussion and Analysis  
For the Year Ended June 30, 2014  
(Unaudited)

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As management of Franklinton Preparatory Academy (the Academy), we offer readers of the Academy's financial statements this narrative overview and analysis of the financial activities of the Academy for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole. Readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Academy's financial performance.

### **Financial Highlights**

Key financial highlights for the Academy are as follows:

- The liabilities of the Academy exceeded its assets at the close of the most recent fiscal year by \$121,989 (negative net position), a decrease of \$68,448 in comparison with the prior fiscal year-end.
- The Academy's total assets increased by \$5,703 and total liabilities increased by \$72,151 during the fiscal year.
- The Academy was able to open without the aid of any state or federal start-up grants.

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

This financial report contains the basic financial statements of the Academy, as well as the Management's Discussion and Analysis and Notes to the Basic Financial Statements. The basic financial statements include a Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows. As the Academy reports its operations using enterprise fund accounting, all financial transactions and accounts are reported as one activity, therefore the entity wide and the fund presentation information is the same.

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

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

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

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

**Franklinton Preparatory Academy**  
 Franklin County  
 Management's Discussion and Analysis  
 For the Year Ended June 30, 2014  
 (Unaudited)

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**Financial Analysis**

Table 1 provides a summary of the Academy's net position at June 30, 2014.

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

	2014	2013
Assets:		
Current Assets	\$ 10,162	\$ 4,459
Total Assets	10,162	4,459
Liabilities:		
Current Liabilities	132,151	60,000
Total Liabilities	132,151	60,000
Net Position:		
Unrestricted	(121,989)	(55,541)
Total Net Position	\$ (121,989)	\$ (55,541)

Total Liabilities increased significantly in comparison with the prior fiscal year-end. This increase is the result of fiscal year 2014 being the first year the Academy was open for students.



**Franklinton Preparatory Academy**  
Franklin County  
Management's Discussion and Analysis  
For the Year Ended June 30, 2014  
(Unaudited)

**Financial Analysis**

Table 2 shows the change in net position for the fiscal year ended June 30, 2014.

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

	2014	2013
<b>Operating Revenues:</b>		
Foundation Revenues	\$ 680,844	\$ -
Charges for Services	631	-
Total Operating Revenues	681,475	-
<b>Operating Expenses:</b>		
Salaries and Wages	344,178	-
Fringe Benefits	118,926	-
Purchased Services	297,777	62,658
Materials and Supplies	39,676	-
Other	7,929	-
Total Operating Expenses	808,486	62,658
Operating (Loss)	(127,011)	(62,658)
<b>Non-operating Revenues (Expenses)</b>		
Federal Grants	30,006	-
State Grants	2,186	-
Local Grants and Contributions	29,254	6,850
Interest Expense	(883)	-
Total Non-operating Revenues (Expenses)	60,563	6,850
Change in Net Position	(66,448)	(55,808)
Net Position, Beginning of Year	(55,541)	267
Net Position, End of the Year	\$ (121,989)	\$ (55,541)

Fiscal year 2014 was the first year of Academy operations. Prior to 2014, the Academy only had minor receipts and expenses for start-up of the Academy. In future years, a comparative analysis will be presented.

**Franklinton Preparatory Academy**  
Franklin County  
Management's Discussion and Analysis  
For the Year Ended June 30, 2014  
(Unaudited)

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**Capital Assets**

The Academy did not have any capital assets that exceeded the threshold as of fiscal year-end.

**Debt**

At fiscal year-end, the Academy's loan payable balance was \$70,000, an increase of \$10,000 in comparison with the prior fiscal year-end. This increase represents the amount in which new loans, totaling \$68,000, exceeded principal payments during the year, which totaled \$58,000. For more information on debt, see Note 13 to the basic financial statements.

**Current Financial Issues**

The Academy is dependent upon legislative and governmental support to fund ongoing operations. The Academy is expected to grow in both the number of students and support staff as it enters the second year of operation, which will impact the Academy's funding since the Academy receives a majority of its financial support from per student state foundation payments.

**Contacting the Academy**

This financial report is designed to provide a general overview of the finances of the Franklinton Preparatory Academy and to show the Academy's accountability for the monies it receives to all vested and interested parties, as well as meeting the annual reporting requirements of the State of Ohio. Any questions about the information contained within this report or requests for additional financial information should be directed to Dave Mangen, Treasurer of Franklinton Preparatory Academy, 40 Chicago Ave, Columbus, OH 43222.

**FRANKLINTON PREPARATORY ACADEMY  
FRANKLIN COUNTY**

STATEMENT OF NET POSITION  
AS OF JUNE 30, 2014

**Assets:**

Current Assets	
Cash and Cash Equivalents	\$ 2,091
Intergovernmental Receivables	8,071
Total Current Assets	<u>10,162</u>
Total Assets	<u><u>\$ 10,162</u></u>

**Liabilities:**

Current Liabilities	
Accounts Payable	\$ 28,469
Accrued Wages and Benefits	25,947
Intergovernmental Payable	7,735
Loan Payable	70,000
Total Current Liabilities	<u>132,151</u>
Total Liabilities	<u>132,151</u>

**Net Position:**

Unrestricted	<u>(121,989)</u>
Total Net Position	<u>(121,989)</u>
Total Liabilities and Net Position	<u><u>\$ 10,162</u></u>

See accompanying notes to the basic financial statements.

**FRANKLINTON PREPARATORY ACADEMY  
FRANKLIN COUNTY**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

<b>Operating Revenues:</b>	
Foundation Payments	\$ 680,844
Charges for Services	631
Total Operating Revenues	<u>681,475</u>
 <b>Operating Expenses:</b>	
Salaries and Wages	344,178
Fringe Benefits	118,926
Purchased Services	297,777
Materials and Supplies	39,676
Other	7,929
Total Operating Expenses	<u>808,486</u>
 Operating Loss	 <u>(127,011)</u>
 <b>Non-Operating Revenues (Expenses):</b>	
Federal Grants	30,006
State Grants	2,186
Local Grants and Contributions	29,254
Interest Expense	(883)
Total Non-Operating Revenues (Expenses)	<u>60,563</u>
 Change in Net Position	 (66,448)
 Net Position Beginning of Year	 <u>(55,541)</u>
Net Position End of Year	<u><u>\$ (121,989)</u></u>

See accompanying notes to the basic financial statements.

**FRANKLINTON PREPARATORY ACADEMY  
FRANKLIN COUNTY**

STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Cash Flows from Operating Activities:	
Cash Received from State of Ohio	\$ 676,952
Cash Payments to Employees for Services and Benefits	(429,154)
Cash Payments to Suppliers for Goods and Services	(310,583)
Cash Received from Customers	631
<b>Net Cash Used for Operating Activities</b>	<b>(62,154)</b>
Cash Flows from Noncapital Financing Activities:	
Federal and State Grants	28,215
Local Grants and Contributions	22,454
Cash Received from Loan	68,000
Cash Payment for Loan Principal	(58,000)
Cash Payment for Loan Interest	(883)
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>59,786</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(2,368)</b>
Cash and Cash Equivalents at Beginning of Year	4,459
Cash and Cash Equivalents at End of Year	<b>\$ 2,091</b>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (127,011)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Local Contributions	6,800
Changes in Assets and Liabilities:	
Intergovernmental Receivable	(4,094)
Accounts Payable	28,469
Accrued Wages and Benefits Payable	25,947
Intergovernmental Payable	7,735
<b>Net Cash Used for Operating Activities</b>	<b>\$ (62,154)</b>

**Schedule of Noncash Transactions:**

The School received \$6,800 in donated school furniture during the fiscal year.

See accompanying notes to the basic financial statements.

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## FRANKLINTON PREPARATORY ACADEMY

Notes to the Basic Financial Statements  
For The Fiscal Year Ended June 30, 2014

### 1. Description of the Academy and Financial Reporting Entity:

Franklinton Preparatory Academy (the Academy), is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702 to address the needs of students in grades 9 through 12. The Academy, which is part of the State's education program, is independent of any school district and is non sectarian 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 had one fiscal service provider during the fiscal year, Mangen & Associates, and St. Aloysius was the Academy's sponsor. 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 Academy operates under the direction of a five-member Board of Directors (the Board). The Board 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 controls the Academy's instructional/support facility staffed by 2 non-certified and 8 certificated full time teaching personnel who provide services to 90 students.

The Academy has a service agreement with Mangen & Associates to provide certain financial and accounting services, including performing all duties required of the Treasurer of the Academy. See Note 9 for more information.

### 2. Summary of Significant Accounting Policies:

The financial statements of the Academy have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental nonprofit organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. 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 Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows.

Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**FRANKLINTON PREPARATORY ACADEMY**

Notes to the Basic Financial Statements

For The Fiscal Year Ended June 30, 2014

(Continued)

2. Summary of Significant Accounting Policies (Continued):

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources and all liabilities and deferred inflows of resources are included on the Statement of Net Position. The difference between total assets and deferred outflows of resources and liabilities and deferred inflows of resources is defined as net position. The Statement of Revenues, Expenses and Changes in Net Position present increases (i.e., revenues) and decreases (i.e., expenses) in net total 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.

C. 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 Rev. Code Section 5705, unless specifically provided in the Academy's contract with its Sponsor. The contract between the Academy and its Sponsor does prescribe an annual budget requirement in addition to preparing a five-year forecast which is to be updated on an annual basis.

D. Cash and Cash Equivalents

All monies received by the Academy are maintained in a demand deposit account. For internal accounting purposes, the Academy segregates its cash into separate funds.

E. Prepaid Assets

Payments made to vendors for services that will benefit periods beyond fiscal year-end are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expense is reported in the year which services are consumed. The Academy did not have any prepaid assets at fiscal year-end.

F. Capital Assets

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



**FRANKLINTON PREPARATORY ACADEMY**

Notes to the Basic Financial Statements  
For The Fiscal Year Ended June 30, 2014  
(Continued)

2. Summary of Significant Accounting Policies (Continued):

F. Capital Assets (continued)

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

<u>Description</u>	<u>Estimate Life</u>
Furniture and Equipment	5 years

The Academy did not have any capital assets that exceeded the threshold in fiscal year 2014.

G. Deferred Outflows/Inflows of Resources

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

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

H. Estimates

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

I. Intergovernmental Revenues

The Academy is a participant in the State Foundation Program. In addition, the State distributes among all public schools, a percentage of proceeds received from the tax on gross casino revenue, to be used to support primary and secondary education. Foundation funding and casino revenues are both recognized as operating revenues in the accounting period in which they are earned, essentially the same as the fiscal year received. Federal and state grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements of the grants have been met.

**FRANKLINTON PREPARATORY ACADEMY**

Notes to the Basic Financial Statements  
For The Fiscal Year Ended June 30, 2014  
(Continued)

2. Summary of Significant Accounting Policies (Continued):

J. Operating and Non-Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly by the Academy's primary mission. For the Academy, operating revenues include revenues paid through the State Foundation Program and Charges for Services. Operating expenses are necessary costs incurred to support the Academy's primary mission, including salaries, benefits, purchased services, materials and supplies, and other.

Non-operating revenues and expenses are those that are not generated directly by the Academy's primary mission. Various federal and state grants, interest earnings and expense, if any, and contributions comprise the non-operating revenues and expenses of the Academy.

K. Accrued Liabilities Payable

The Academy has recognized certain liabilities on its Statement of Net Position relating to expenses, which are due but unpaid as of fiscal year-end, including:

Accrued Wages and Benefits – salary payments made after year-end to instructional and support staff for services rendered prior to the end of June, but whose payroll continues into the summer months based on the fiscal year 2014 contract.

Accounts payable – payments due for services or goods that were rendered or received during fiscal year 2014.

Intergovernmental payable - payments made after year-end for the Academy's share of retirement contributions, Medicare and Workers' Compensation associated with services rendered during the fiscal year.

L. Unearned Revenue

If the Academy receives restricted funds that were not spent by the end of the fiscal year, the amount received is classified as unearned revenue and is carried over to the next fiscal year and repaid if not spent. The Academy did not have any unearned revenue at fiscal year-end.

M. Federal Tax Exemption Status

The Academy is a non-profit organization that has been determined by the Internal Revenue Service to be exempt from federal income taxes as a tax-exempt organization under Section 501 (c)(3) of the Internal Revenue Code.

N. Net Position

Net position represents the difference between total assets and total liabilities. 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 Academy applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**FRANKLINTON PREPARATORY ACADEMY**

Notes to the Basic Financial Statements  
For The Fiscal Year Ended June 30, 2014  
(Continued)

3. Deposits:

At June 30, 2014, the carrying amount of the Academy's deposits was \$2,091 and the bank balance was \$6,629. The entire bank balance was covered by the Federal Deposit Insurance Corporation (FDIC), thus none of the remaining balance was exposed to custodial credit risk as discussed below.

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

4. Intergovernmental Receivables:

All intergovernmental receivables are considered collectible in full due to the stable condition of State programs. Intergovernmental receivables at year-end primarily represent federal grants.

5. 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. For the year ended June 30, 2014, the Academy contracted with Cincinnati Insurance Company for its insurance coverage as follows:

General Liability per occurrence (\$0 Deductible)	\$1,000,000
General Liability (aggregate)	2,000,000
Medical Expenses (Any one person)	5,000
Damage to Rented Premises per occurrence	100,000
Personal and Advertising Injury	1,000,000

Settlement amounts did not exceed coverage amounts in the past year.

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 determined by the State.

## FRANKLINTON PREPARATORY ACADEMY

Notes to the Basic Financial Statements  
For The Fiscal Year Ended June 30, 2014  
(Continued)

### 6. Defined Benefit Pension Plans:

#### A. School Employees Retirement System

Plan Description - The Academy contributes to the School Employees Retirement System of Ohio (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 state statute per Chapter 3309 of the Ohio Revised Code. The School Employees Retirement System issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employer/Audit Resources.

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the Academy is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For the fiscal year ended June 30, 2014, the allocation to pension and death benefits is 13.10%. The remaining .90% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The Academy's required contributions for pension obligation to SERS for the fiscal year ended June 30, 2014, was \$5,204. For fiscal year 2014, the Academy has contributed 73% of the required amount. The unpaid contribution has been recorded as a liability.

#### B. State Teachers Retirement System

Plan Description - The Academy contributes to the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof. 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 toll-free 1-888-227-7877 or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

Plan Options – New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC plan allows members to allocate all their member contributions and employer contributions equal to 11% of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

**FRANKLINTON PREPARATORY ACADEMY**

Notes to the Basic Financial Statements  
For The Fiscal Year Ended June 30, 2014  
(Continued)

6. Defined Benefit Pension Plans (Continued):

DB Plan Benefits – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the “formula benefit” or the “money-purchase benefit” calculation. Under the “formula benefit”, the retirement allowance is based on years of credited service and final average salary, which is the average of the member’s three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31<sup>st</sup> year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the “money-purchase benefit” calculation, a member’s lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 11% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. 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. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

Combined Plan Benefits – Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member’s defined benefit is determined by multiplying 1% of the member’s final average salary by the member’s years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3% of the original base amount for DB Plan participants.

**FRANKLINTON PREPARATORY ACADEMY**

Notes to the Basic Financial Statements  
For The Fiscal Year Ended June 30, 2014  
(Continued)

6. Defined Benefit Pension Plans (Continued):

The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

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 members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 11% for members and 14% for employers. Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2014, were 11% of covered payroll for members and 14% for employers.

The Academy's required contributions for pension obligation for the fiscal year ended June 30, 2014, was \$39,578. For fiscal year 2014, the Academy has contributed 94% of the required amount. The unpaid contribution has been recorded as a liability.

7. Post-employment Benefits:

A. School Employees Retirement System

Postemployment Benefits – In addition to a cost-sharing multiple-employer defined benefit pension plan the School Employees Retirement System of Ohio (SERS) administers two cost-sharing, multiple employer postemployment benefit plans.

Medicare Part B Plan – The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. 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 monthly premium for calendar year 2013 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2014, the actuarially required allocation is .76%. The Academy's required contribution for the year ended June 30, 2014 was \$302. For fiscal year 2014, the Academy has contributed 73% of the required amount. The unpaid contribution has been recorded as a liability.

**FRANKLINTON PREPARATORY ACADEMY**

Notes to the Basic Financial Statements  
For The Fiscal Year Ended June 30, 2014  
(Continued)

7. Post-employment Benefits (Continued):

Health Care Plan – ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, 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 ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer's 14% contribution to the Health Care Fund. For the year ended June 30, 2014, the health care allocation is .14%. 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% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the minimum compensation level was established at \$20,250. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The Academy's required contributions assigned to health care, including the surcharge, for the year ended June 30, 2014, was \$298. For fiscal year 2014, the Academy has contributed 73% of the required amount. The unpaid contribution has been recorded as a liability.

The SERS 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 financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

B. State Teachers Retirement System

Plan Description - The Academy contributes to the cost-sharing, multiple employer postemployment 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 writing 275 E. Broad St., Columbus, OH 43215-3371, by calling 1-888-227-7877, or by visiting the STRS Ohio web site at [www.strsoh.org](http://www.strsoh.org).

**FRANKLINTON PREPARATORY ACADEMY**

Notes to the Basic Financial Statements

For The Fiscal Year Ended June 30, 2014

(Continued)

7. Post-employment Benefits (Continued):

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 2014, STRS Ohio allocated employer contributions equal to 1% of covered payroll to post-employment health care. The Academy's required contribution for health care for the fiscal year ended June 30, 2014, was \$3,044. For fiscal year 2014, the Academy has contributed 94% of the required amount. The unpaid contribution has been recorded as a liability.

8. Contingencies:

A. Grants

The Academy received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. The effect of any such disallowed claims on the overall financial position of the Academy at June 30, 2014, if applicable, cannot be determined at this time. However, in the opinion of the Academy, any such disallowed claims will not have a material adverse effect on the financial position of the Academy at fiscal year-end.

B. Full-Time Equivalency Reviews

The Ohio Department of Education (ODE) reviews enrollment and full-time equivalency (FTE) calculations made by the Academy. These reviews are conducted to ensure the Academy is reporting accurate student enrollment data to the State, upon which state foundation funding is calculated.

As a result of the fiscal year 2014 reviews, the Academy is due \$3,892 from ODE. This amount has been reported as an Intergovernmental Receivable on the Statement of Net Position.



**FRANKLINTON PREPARATORY ACADEMY**

Notes to the Basic Financial Statements  
For The Fiscal Year Ended June 30, 2014  
(Continued)

9. Contracted Fiscal Services:

The Academy is a party to a fiscal services agreement with Mangen & Associates (M&A) School Resource Center, which is an education finance consulting company. The Agreement may be terminated by either party, with or without cause, by giving the other party ninety days written notice to terminate. The Agreement provides that M&A will perform the following services:

1. Financial Management Services
2. Treasurer Services
3. Payroll / Payables Services
4. CCIP Budget / Federal Programs Monitoring
5. EMIS / DASL / SOES Services

The total fee for these services during fiscal year 2014 was \$55,987, of which \$4,685 was recorded as accounts payable at fiscal year-end.

10. Other Employee Benefits

A. Employee Medical and Dental Benefits

The Academy purchased medical insurance from Anthem Blue Cross Blue Shield through February 2014. Beginning March 2014, the Academy purchased medical insurance from InHealth Mutual of Ohio. The Academy purchased life, dental, and vision insurance from Guardian. The Academy pays 100% of the employee premium.

11. Purchased Services:

During the fiscal year, purchased service expenses for services rendered by various vendors were as follows:

Professional and Technical Services	\$ 178,104
Contracted Food Services	38,045
Rentals	75,000
Postage	671
Utilities	2,057
Transportation	3,900
Total	<u>\$ 297,777</u>

12. Operating Lease – Lessee Disclosure:

The Academy entered into an operating lease with Central Ohio Youth for Christ for the Academy's facilities located at 40 Chicago Avenue, Columbus, Ohio. The lease commenced July 1, 2013 and extends through June 30, 2034, with monthly rental payments of \$8,333. Per the lease agreement, the Academy made eight payments during the fiscal year, totaling \$66,667. Minimum rent payments for the next five fiscal years are \$150,000, \$200,000, \$225,000, \$225,000, and \$225,000, respectively.

**FRANKLINTON PREPARATORY ACADEMY**

Notes to the Basic Financial Statements  
For The Fiscal Year Ended June 30, 2014  
(Continued)

13. Loans Payable:

The changes in the Academy's long-term obligation during the fiscal year are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Loans Payable	\$ 60,000	\$ 68,000	\$ (58,000)	\$ 70,000	\$ 70,000
Total	<u>\$ 60,000</u>	<u>\$ 68,000</u>	<u>\$ (58,000)</u>	<u>\$ 70,000</u>	<u>\$ 70,000</u>

The Academy has executed several promissory notes to secure operating funds for the Academy. During fiscal year 2014, the Academy executed three new promissory notes, totaling \$68,000, and made one principal repayment, totaling \$58,000. Of the balance outstanding at fiscal year-end, \$35,000 carries an interest rate of 2.0% and the remaining \$35,000 carries an interest rate of 1.5%. All three notes are expected to be paid back in fiscal year 2015.

14. Sponsor:

The Academy has contracted with St. Aloysius Orphanage to provide sponsorship services. The Academy pays St. Aloysius Orphanage 3% of monthly foundation payments. The total fees paid under this contract for fiscal year 2014 totaled \$18,584. The sponsor provides oversight, monitoring, treasury and technical assistance for the Academy.

15. Operating Lease:

In fiscal year 2014, the Academy entered into a 36-month operating lease for a copier. The monthly lease payment is \$72.20. The Academy did not make any lease payments in fiscal year 2014.

The following schedule details the Academy's future lease payments.

<u>Term</u>	<u>Amount</u>
Fiscal year 2015	\$ 866
Fiscal year 2016	866
Fiscal year 2017	867
	<u>\$ 2,599</u>

**FRANKLINTON PREPARATORY ACADEMY**

Notes to the Basic Financial Statements  
For The Fiscal Year Ended June 30, 2014  
(Continued)

16. Implemented Accounting Principles:

For fiscal year 2014, the Academy has implemented the following:

*GASB Statement No. 65 “Items Previously Reported as Assets and Liabilities”* clarifies the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources. The implementation of this statement did not have an effect on the financial statements of the Academy.

*GASB Statement No. 66 “Technical Corrections – 2012 - an Amendment of GASB Statements No. 10 and No. 62”* resolves conflicting guidance that results from the issuance of GASB Statements No. 54 and No. 62. This Statement also amends GASB Statement No. 10 by removing the provision that limits fund-based reporting of an entity’s risk financing activities to the general fund and the internal service fund type. This Statement also amends GASB Statement No. 62 to clarify how to apply GASB Statement No. 13 and results in guidance that is consistent with GASB Statement No. 48. The implementation of this statement did not have an effect on the financial statements of the Academy.

*GASB Statement No. 70 “Accounting and Financial Reporting for Nonexchange Financial Guarantees”* enhances comparability of financial statements by requiring consistent reporting by those governmental entities that extend nonexchange financial guarantees and by those governmental entities that receive nonexchange financial guarantees. The implementation of this statement did not have an effect on the financial statement of the Academy.

17. Subsequent Event:

The Academy executed a new promissory note in July 2014 to secure operating funds for the Academy. During July to September 2014, the Academy received \$40,000 from this promissory note, which carried an interest rate of 2.0%.

18. Related Party Transactions:

The Academy entered into promissory note agreements with the Chief Executive Officer of the Academy. The Academy has received a total of \$93,000 and has made payments totaling \$58,000 related to these promissory notes. The Academy still owes \$35,000 on these notes.

The Academy entered into a promissory note agreement with the brother of the Founder and Chief Operating Officer of the Academy. The Academy received \$10,000 and has made no payments related to this promissory note.

## FRANKLINTON PREPARATORY ACADEMY

Notes to the Basic Financial Statements  
For The Fiscal Year Ended June 30, 2014  
(Continued)

### 19. Jointly Governed Organization:

Metropolitan Dayton Education Cooperative Association (MDECA) – The Academy is a participant in MDECA, which is a computer consortium. MDECA is an association of public school districts within the boundaries of Montgomery, Miami, and Darke Counties and the Cities of Dayton, Troy, and Greenville. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

The governing board of MDECA consists of seven superintendents of member school districts, with six of the superintendents elected by majority vote of all member school districts, except Montgomery County Educational Service Center. The seventh superintendent is from the Montgomery County Educational Service Center. The Academy paid MDECA \$3,088 for services provided during fiscal year 2014. Financial information can be obtained from Dean Reineke, Director, at 225 Linwood Street, Dayton, Ohio 45405.

### 20. Management Plan

At June 30, 2014, the Academy had an ending net position of \$(121,989), with an operating loss of \$127,011. The Academy was established without the benefit of start-up grants from the State of Ohio or the U.S. Department of Education. During its first year of operations (fiscal year 2014), the Academy obtained loan support from individuals and organizations to provide the necessary cash flow for its start-up operations.

In addition to \$68,000 in cash loans, the proceeds from the State Foundation payments during the first year of operations were sufficient to provide the necessary cash flow to support the instruction program, facilities, and ongoing operations for the 91 enrolled students. The Academy's enrollment has increased by approximately 50% in fiscal year 2015. As a result, the operating margin during fiscal year 2015 is expected to contribute to a considerable reduction in outstanding loans, which totaled \$110,000 on October 31, 2014.

The Academy's Board has adopted a balanced budget for the fiscal year ending June 30, 2015 which includes a plan for continued payments toward the outstanding loans noted above. In addition, the Board approved five-year financial plan is designed to retire all outstanding payables. The long-term objective is to build an unencumbered cash reserve equal to three months of core operating expenditures to meet ongoing cash flow requirements without the need for outside loans, line of credit or any philanthropic contributions.



# 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*

Franklinton Preparatory Academy  
Franklin County  
40 Chicago Avenue  
Columbus, Ohio 43222

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 Franklinton Preparatory Academy, Franklin County, Ohio (the Academy) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated November 20, 2014, wherein we noted the Academy has suffered losses from operation and has a net position deficiency.

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

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

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

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

### ***Compliance and Other Matters***

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

***Purpose of this Report***

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

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

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

November 20, 2014



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Franklinton Preparatory Academy  
Franklin County  
40 Chicago Avenue  
Columbus, Ohio 43222

To the Board of Directors:

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

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

1. We noted the Board adopted an anti-harassment policy on July 25, 2013. However, this policy did not include all matters required by Ohio Rev. Code 3313.666.
2. We inquired with the Board's management regarding the aforementioned policy. They stated they have not amended the July 25, 2013 policy. The policy lacks the following required by Ohio Rev. Code Section 3313.666.
  - (1) A statement prohibiting harassment, intimidation, or bullying of any student on a school bus and expressly providing for the possibility of suspension of a student found responsible for harassment, intimidation, or bullying by an electronic act;
  - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666, as of the latest amendment;
  - (3) A requirement that the Academy administration semiannually provide the president of the board a written summary of all reported incidents and post the summary on its web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and Academy's sponsor, and is not intended to be and should not be used by anyone other than these specified parties.

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

**Dave Yost**  
Auditor of State

November 20, 2014





# Dave Yost • Auditor of State

**FRANKLINTON PREPARATORY ACADEMY**

**FRANKLIN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 23, 2014**