



Dave Yost • Auditor of State

**SPRINGFIELD ACADEMY OF EXCELLENCE
CLARK COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Springfield Academy of Excellence
Clark County
4449 Easton Way Fl 2
Columbus, Ohio 43219

To the Governing Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the Springfield Academy of Excellence, Clark County, Ohio (the Academy), as of and for the year ended June 30, 2015, 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 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 Springfield Academy of Excellence, Clark County as of June 30, 2015, and the changes 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.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during the year ended June 30, 2015, the Academy adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Also, described in Note 16, the Academy recognized a special item due to the implementation of GASB Statement No. 69, *Government Combinations and Disposals of Government Operations* as the Academy elected to close effective June 30, 2015. We did not modify our opinion regarding these matters.

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 and schedules of net pension liabilities and pension contributions, to supplement the basic financial statements. The Academy presented Management's discussion and analysis; however did not present the schedules of net pension liabilities or pension contributions. 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 Management's discussion and analysis 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.

Supplementary and Other Information

Our audit was conducted to opine on the Academy's basic financial statements taken as a whole.

The Schedule of Receipts and Expenditures of Federal Awards presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2016, 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.

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

December 6, 2016

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**SPRINGFIELD ACADEMY OF EXCELLENCE
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

The management's discussion and analysis of Springfield Academy of Excellence (the Academy)'s financial performance provides an overall review of the financial activities for the fiscal year ended June 30, 2015. 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 fiscal year 2015 are as follows:

- The Academy's total net position increased by \$3,093,780.
- The Academy's total assets decreased by \$330,355.
- The Academy's total liabilities decreased by \$3,600,214.

Using this Financial Report

This financial report consists of a series of financial statements and notes to those statements.

The *Statement of Net Position* and *Statement of Revenues, Expenses, and Changes in Net Position* reflect how the Academy did financially during fiscal year 2015. These statements include all assets and liabilities 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 Academy's net position and changes in the position. This change in net position is important because it tells the reader whether 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. These statements can be found on pages 9 and 10 of this report.

The Academy uses enterprise presentation for all of its activities.

Table 1 provides a summary of the Academy's net position for fiscal years ended June 30, 2015 and 2014.

(Table 1) - Net Position			
	2015	Restated 2014	Change
Assets:			
Current Assets	\$158,254	\$75,616	\$82,638
Security Deposit	6,454	6,454	
Capital Assets, Net		412,993	(412,993)
Total Assets	<u>164,708</u>	<u>495,063</u>	<u>(330,355)</u>
Deferred Outflows of Resources:			
Pension		176,079	(176,079)
Liabilities:			
Current Liabilities	164,708	398,152	(233,444)
Long-Term Liabilities		3,366,770	(3,366,770)
Total Liabilities	<u>164,708</u>	<u>3,764,922</u>	<u>(3,600,214)</u>
Net Position:			
Net Investment in Capital Assets		157,712	(157,712)
Restricted		55,119	(55,119)
Unrestricted		(3,306,611)	3,306,611
Total Net Position	<u>\$0</u>	<u>(3,093,780)</u>	<u>\$3,093,780</u>

**SPRINGFIELD ACADEMY OF EXCELLENCE
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)
(Continued)**

During 2015, the Academy adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Academy's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the Academy's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Academy is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the Academy's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

**SPRINGFIELD ACADEMY OF EXCELLENCE
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)
(Continued)**

As a result of implementing GASB 68, the Academy is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation restated net position at June 30, 2014, from \$96,911 to \$(3,093,780). Due to the implementation of GASB 69 and closure of the Academy, net pension liability is not reported for June 30, 2015.

Table 2 shows the changes in net position for the fiscal years ended June 30, 2015 and 2014.

**(Table 2)
Change in Net Position**

	2015	2014	Change
Operating Revenues:			
Foundation	\$1,815,660	\$1,979,552	(\$163,892)
Casino	11,820	6,904	4,916
Non-Operating Revenues:			
Federal and State	586,944	592,067	(5,123)
Miscellaneous	32,426	28,339	4,087
Interest	106	74	32
Total Revenues	<u>2,446,956</u>	<u>2,606,936</u>	<u>(159,980)</u>
Operating Expenses:			
Salaries & Wages	1,019,024	1,212,451	(193,427)
Fringe Benefits	241,640	327,639	(85,999)
Leases	191,674	165,600	26,074
Purchased Services	510,543	561,026	(50,483)
Material and Supplies	180,375	159,876	20,499
Depreciation	25,675	26,094	(419)
Other Expenses	34,319	9,238	25,081
Non-Operating Expenses:			
Interest Expenses	17,741	18,563	(822)
Total Expenses	<u>2,220,991</u>	<u>2,480,487</u>	<u>(259,496)</u>
Special Items:			
Termination of Obligation to Pension Systems	3,166,295		3,166,295
Distribution of Net Assets to Others	(160,119)		(160,119)
Other	(138,361)		(138,361)
Total Special Items	<u>2,867,815</u>		<u>2,867,815</u>
Change in Net Position	3,093,780	126,449	2,967,331
Net Position, Beginning of Year	<u>(3,093,780)</u>	N/A	N/A
Net Position, End of Year	<u>\$0</u>	<u>(\$3,093,780)</u>	<u>\$3,093,780</u>

Capital Assets and Debt Administration

At June 30, 2015, the Academy did not have any capital assets. Equipment was sold for \$17,058, which resulted in a loss of \$8,165. The building and leasehold improvements were transferred to the Church of Jesus Family Worship Center. In addition, the Church assumed the construction loan associated with building, which resulted in a loss of \$130,196. The losses and remaining book value were written off to a special item.

Restrictions and Other Limitations

The Academy does not receive any funds from taxes. The primary source of funding is the state foundation program.

**SPRINGFIELD ACADEMY OF EXCELLENCE
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)
(Continued)**

Current Financial Related Activities

Effective July 1, 2015, the Academy discontinued its operations. Due to discontinuation, the Academy implemented GASB 69, which resulted in Special Items on the financial Statements. See Note 16 to the financial statements.

Contacting the Academy

This financial report is designed to provide a general overview of the finances of the Springfield Academy of Excellence, Inc. 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:

Springfield Academy of Excellence
4449 Easton Way Fl. 2
Columbus, Ohio 43219

**SPRINGFIELD ACADEMY OF EXCELLENCE
CLARK COUNTY**

**STATEMENT OF NET POSITION
AS OF JUNE 30, 2015**

Assets:	
Current Assets:	
Cash	\$118,791
Refund	14,087
Accounts Receivable	19,524
Intergovernmental Receivable	5,852
Total Current Assets	<u>158,254</u>
Noncurrent Assets:	
Security Deposit	6,454
Total Assets	<u>164,708</u>
Liabilities:	
Current Liabilities:	
Accounts Payable	3,345
Intergovernmental Payable	161,363
Total Current Liabilities	<u>164,708</u>
Net Position	
Total Net Position	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements.

**SPRINGFIELD ACADEMY OF EXCELLENCE
CLARK COUNTY**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Operating Revenues:	
Foundation	\$1,815,660
Casino	11,820
Total Operating Revenues	<u>1,827,480</u>
Operating Expenses:	
Salaries	1,019,024
Fringe Benefits	241,640
Lease Payments	191,674
Purchased Services	510,543
Materials and Supplies	180,375
Depreciation	25,675
Other	34,319
Total Operating Expenses	<u>2,203,250</u>
Operating Loss	<u>(375,770)</u>
Non-Operating Revenues / (Expenses):	
Federal Grant Revenue	584,206
State Grant Revenue	2,738
Miscellaneous Revenue	32,426
Interest Earnings	106
Interest and Fiscal Charges	(17,741)
Total Non-Operating Revenues and Expenses	<u>601,735</u>
Special Items:	
Termination of Obligation to Pension Systems	3,166,295
Distribution of net assets to Others	(160,119)
Other	(138,361)
Total Special Item	<u>2,867,815</u>
Changes in Net Position	3,093,780
Net Position at Beginning of Year (Restated)	(3,093,780)
Net Position at End of Year	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements.

**SPRINGFIELD ACADEMY OF EXCELLENCE
CLARK COUNTY**

**STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Increase (Decrease) in Cash

Cash Flows from Operating Activities:

Cash Received from State of Ohio	\$1,823,427
Cash Payments to Employees for Services and Benefits	(1,390,622)
Cash Payments to Suppliers for Goods and Services	(921,512)
Cash Payments for Other Expenses	(34,319)
Net Cash Used in Operating Activities	<u>(523,026)</u>

Cash Flows from Non-capital Financing Activities:

Federal and State Subsidies	631,834
Cash Received from Other Non-Operating Sources	29,960
Net Cash Provided by Non-capital Financing Activities	<u>661,794</u>

Cash Flows from Capital and Related Financing Activities:

Capital Assets Purchased	(3,700)
Principal Paid on Notes*	(19,682)
Cash Payment for Interest Paid on Notes	(17,741)
Net Cash Used in Capital and Related Financing Activities	<u>(41,123)</u>

Cash Flows from Investing Activities:

Interest on Investments	106
Net Cash Provided by Investing Activities	<u>106</u>

Net Increase in Cash 97,751

Cash, Beginning of Year	21,040
Cash, End of Year	<u><u>\$118,791</u></u>

Reconciliation of Operating Loss to Net Cash Used in Operating Activities

Operating Loss (\$375,770)

Activities:

Depreciation 25,675

Changes in Assets and Liabilities:

Increase in Refund	(6,200)
Increase in Intergovernmental Receivable Related to the State Foundation	(4,053)
Decrease in Accounts Payable	(38,402)
Decrease in Accrued Wages Payable	(90,474)
Decrease in Intergovernmental Payable	(9,406)
Increase in Pension Expense Related to GASB 68	(24,396)
Total Adjustments	<u>(147,256)</u>

Net Cash Used in Operating Activities (\$523,026)

* See Note 17 for Subsequent Event regarding debt transfer to Church of Jesus

See accompanying notes to the basic financial statements.

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**SPRINGFIELD ACADEMY OF EXCELLENCE
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

1. DESCRIPTION OF THE ACADEMY

Springfield Academy of Excellence, Inc. (the Academy) is a state non-profit corporation established pursuant to the Ohio Rev. Code Chapters 3314 and 1702. The Academy's objective is to provide education in a nurturing environment that focuses on the development of the whole child. Emphasis is placed on academic achievement as well as physical, psychological, social, and ethical development. The Academy, which is part of the State's education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The Academy may acquire facilities as needed and contract for any services necessary for the operation of the Academy.

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. Management is not aware of any course of action or series of events that have occurred that might adversely affect the Academy's tax exempt status.

The Academy operates under the direction of a governing board of at least seven members. The Governing 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 Governing Board controls the Academy's one instructional/support facility staffed by 4 non-certified and 14 certified full-time teaching personnel.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

The Academy uses enterprise accounting to report on its financial activities. Enterprise accounting 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.

B. Measurement Focus and Basis of Accounting

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The Statement of Cash Flows reflects how the Academy finances and meets its cash flow needs.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The accrual basis of accounting is utilized for reporting purposes.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Revenues resulting from non-exchange transactions, in which the Academy received value without directly giving equal value in return, such as grants, entitlements, and donations are recognized in the period in which all eligibility requirements have been satisfied. Expenses are recognized at the time they are incurred.

**SPRINGFIELD ACADEMY OF EXCELLENCE
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 cost (expenses, including depreciation) 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.

C. Budgetary Process

Unlike traditional 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 requires a detailed school budget for each year of the contract; however, the budget does not have to follow the provisions of Ohio Rev. Code Section 5705.

D. Cash

Cash received by the Academy is reflected as "cash" on the statement of net position. Unless otherwise noted, all monies received by the Academy are pooled and deposited in a central bank account as demand deposits. The Academy did not have any investments during fiscal year ended June 30, 2015.

E. Security Deposits

The Academy entered into several leases for the use of the building for the administration of the Academy, computer equipment, and a phone system, for which security deposits were paid at the signing of the agreement. These amounts are held by the respective lessor/vendor.

F. Intergovernmental Revenues

The Academy currently participates in the State Foundation Program. Revenue received from this program is recognized as operating revenue. This program is recognized as operating revenues in the accounting period in which all eligibility requirements are met. Amounts awarded under the above program for the 2015 school year totaled \$1,815,660.

Federal and state grants are recognized as non-operating revenues in the accounting period in which all eligibility requirements of the grant have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year use is first permitted, matching requirements, in which the Academy must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis. Federal & state grants revenue received during fiscal year 2015 was \$586,944.

**SPRINGFIELD ACADEMY OF EXCELLENCE
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Capital Assets

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market value as of the date donated. The Academy maintains a capitalization threshold of \$500. The Academy has a school building which was constructed during the fiscal year 2005 school year. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are expensed. Depreciation of leasehold improvements, equipment, and buildings is computed using the straight-line method over estimated useful lives of seven, five, and forty years, respectively. Improvements to capital assets are depreciated over the remaining useful lives of the related capital assets.

H. Deferred Outflow / Deferred Inflows of Resources

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. Deferred outflows of resources represent consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position may report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

I. Accrued Liabilities

The Academy has recognized certain liabilities on its statement of net position relating to expenses for goods and services received but unpaid as of June 30, 2015.

J. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

K. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly by the Academy's primary activities. For the Academy, operating revenues include foundation payments and disadvantaged pupil impact aid received from the State of Ohio and charges for services. Operating expenses are necessary costs incurred to support the Academy's primary activities, including depreciation.

Non-operating revenues and expenses are those that are not generated directly by the Academy's primary activities.

**SPRINGFIELD ACADEMY OF EXCELLENCE
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. 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.

M. Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. 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 positions are available.

N. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Academy or the Sponsor and that are either unusual in nature or infrequent in occurrence. For fiscal year 2015, the Academy is reporting a special item representing costs directly related to the closing of the Academy. See Note 16 for further details.

3. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

For fiscal year 2015, the Academy implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68." GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources deferred inflows of resources and expense/expenditure.

The implementation of this pronouncement had the following effect on net position as reported June 30, 2014:

Net position June 30, 2014	\$96,911
Adjustments:	
Net Pension Liability	(3,366,770)
Deferred Outflow - Payments Subsequent to Measurement Date	176,079
Restated Net Position June 30, 2014	<u><u>(\$3,093,780)</u></u>

Other than employer contributions subsequent to the measurement date, the Academy made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

4. CASH

At June 30, 2015, the carrying amount of the Academy's deposits was \$118,791 and the bank balance was \$185,392, all of which was covered by the Federal Deposit Insurance Corporation (FDIC).

**SPRINGFIELD ACADEMY OF EXCELLENCE
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

5. INTERGOVERNMENTAL RECEIVABLE

Receivables at June 30, 2015, consisted of intergovernmental grants from the Federal and State, which is considered to be collectible in full and included the following principal components:

Grant Program	
State Foundation	\$4,053
Child Nutrition Program	1,799
Total	\$5,852

6. RISK MANAGEMENT

A. Property and Liability

The Academy is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2015, the Academy contracted with Cincinnati Insurance Co. for property, general liability, auto, and excess liability insurance. Property is covered for \$237,900 and contents are insured for \$343,900. There is a deductible of \$250 and property and contents are 90% co-insured. Commercial general liability covers each single occurrence for \$1 million with a \$2 million general aggregate limit. The excess liability is covered for \$1 million for each occurrence and \$1 million in the aggregate.

There has been no significant reduction in coverage in relation to the prior fiscal year. Settled claims have not exceeded commercial coverage in any of the last three fiscal years.

B. Worker's Compensation

The Academy pays the State Worker's Compensation System a premium for employee injury by the State.

C. Employee Insurance Benefits

The Academy has contracted through an independent agent to provide employee medical insurance to its full-time employees who work 25 or more hours per week.

7. LONG-TERM OBLIGATIONS

The changes in the Academy's long-term obligations during fiscal year 2015 were as follows:

Obligations	Restated Principal Outstanding 6/30/2014	Additions	Deductions	Closure Deductions	Principal Outstanding 6/30/2015	Due in One Year
Construction Loan - Huntington National Bank 6.75%	\$255,281		(\$19,682)	(\$235,599)		
Net Pension Liability:						
STRS	2,848,577		(457,214)	(2,391,363)		
SERS	518,193		(77,182)	(441,011)		
Total Net Pension Liability	3,366,770		(534,396)	(2,832,374)		
Total Obligations	\$3,622,051	\$0	(\$554,078)	(\$3,067,973)	\$0	\$0

**SPRINGFIELD ACADEMY OF EXCELLENCE
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

8. CAPITAL ASSETS

Capital asset activity for the period from July 1, 2014 to June 30, 2015:

	Balance 6/30/2014	Additions	Items Sold/ Closure Deletions	Balance 6/30/2015
Capital Assets:				
Buildings	\$498,505		(\$498,505)	
Leasehold Improvements	308,495		(308,495)	
Equipment	184,801	\$3,700	(188,501)	
Total Assets	991,801	3,700	(995,501)	
Depreciation:				
Buildings	(119,439)	(13,271)	132,710	
Leasehold Improvements	(308,495)		308,495	
Equipment	(150,874)	(12,404)	163,278	
Total Depreciation	(578,808)	(25,675)	604,483	
Capital Assets, Net	<u>\$412,993</u>	<u>(\$21,975)</u>	<u>(\$391,018)</u>	<u>\$0</u>

Due to the closing of the Academy at June 30, 2015, the schools assets were sold or donated to another academy.

9. DEFINED BENEFIT PENSION PLANS

A. Net Pension Liability

As a result of the implementation of GASB 69 (See Note 16), the Academy shows no net pension liability as of June 30, 2015.

B. School Employees Retirement System (SERS)

1. Plan Description

The Academy non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

**SPRINGFIELD ACADEMY OF EXCELLENCE
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

9. DEFINED BENEFIT PENSION PLANS (Continued)

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

2. Funding Policy

Plan members are required to contribute 10 percent of their annual covered salary and the Academy is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The Academy's contractually required contribution to SERS was \$30,248 for fiscal year 2015.

C. State Teachers Retirement System (STRS)

1. Plan Description

The Academy licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position.

That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

**SPRINGFIELD ACADEMY OF EXCELLENCE
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

9. DEFINED BENEFIT PENSION PLANS (Continued)

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account.

STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

**SPRINGFIELD ACADEMY OF EXCELLENCE
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

9. DEFINED BENEFIT PENSION PLANS (Continued)

2. Funding Policy

Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The Academy was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The Academy's contractually required contribution to STRS was \$123,044 for fiscal year 2015.

D. Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Due to the implementation of GASB 69 (See Note 16), related pension amounts are not presented for June 30, 2015. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Academy's proportion of the net pension liability was based on the Academy's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Pension Expense	\$25,935	\$110,479	\$136,414

E. Social Security System

Effective July 1, 1991, all employees not otherwise covered by SERS/STRS Ohio have an option to choose Social Security or SERS/STRS Ohio. The Academy's liability is 6.2% of wages paid. No employees have elected to participate in Social Security.

10. POST-EMPLOYMENT BENEFITS

A. School Employees Retirement System

1. Health Care Plan Description

The Academy contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

**SPRINGFIELD ACADEMY OF EXCELLENCE
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

10. POST-EMPLOYMENT BENEFITS (Continued)

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

2. Funding Policy

State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was \$20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2015, the Academy's surcharge obligation was \$3,862.

The Academy's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$5,633, \$3,911 and \$3,190, respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.

B. State Teachers Retirement System

1. Plan Description

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

2. Funding Policy

Ohio Revised Code Chapter 3307 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. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to post-employment health care. The Academy's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$10,375, and \$11,011 respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.

**SPRINGFIELD ACADEMY OF EXCELLENCE
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

11. OPERATING LEASES

The Academy is leasing the use of land, office and classroom space, and various pieces of equipment through operating leases with the Church of Jesus Family Worship Center (the Church), the Precious Gifts Day Care Center (the Day Care Center) and Modular Designs.

Individual lease obligations include:

- A ninety-nine year lease between the Church and the Academy which stipulates the Academy will be permitted to use Church grounds for an annual fee of one dollar for construction of the new school building.
- An agreement with Modular Designs for 12 double-unit modular systems. This lease is renewable annually. During fiscal year 2015, the Academy paid \$5,150 per month for a total of \$61,800 to Modular Designs related to this lease.
- A lease of the Annex and other building space from the Church, beginning July 1, 2010 through June 30, 2011 in the amount of \$10,000 per month. This lease is renewable annually. During fiscal year 2015, the Academy paid \$120,000 related to this lease agreement.
- The Academy leases food storage space and freezer space and certain equipment from the Day Care Center. This lease is renewable annually. Lease obligations related to these items totaled \$2,100 during the fiscal year 2015.

12. RELATED PARTIES

During the fiscal year ended June 30, 2015, the Academy made payments on several lease agreements with the Day Care Center and the Church, which are affiliated with the Director and a Trustee of the Academy. The Director is the operator of the Day Care Center and the Trustee is the Pastor of the Church. See Note 11 to the basic financial statements for additional information.

13. PURCHASED SERVICES

During the fiscal year ended June 30, 2015, purchased service expenses were as follows:

Professional and technical services	\$266,852
Property services	31,043
Meeting	155,758
Communications	18,377
Utilities	32,004
Contracted (Food Service)	6,465
Miscellaneous	44
Total	<u>\$510,543</u>

14. SPONSOR AGREEMENT

Beginning July 1, 2014, the Academy entered into a five-year agreement with the Ohio Department of Education to serve as its Sponsor. Sponsorship fees paid in the amount of \$50,982 are reflected as "Purchased Services" in the Statement of Revenue, Expenses, and Change in Net Position. At the end of this five-year lease period, this agreement is renewed annually with consent of both parties.

**SPRINGFIELD ACADEMY OF EXCELLENCE
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

15. 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 of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the Academy at June 30, 2015, if applicable, cannot be determined at this time.

B. State Funding

The Ohio Department of Education conducts reviews of enrollment data and FTE calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which state foundation funding is calculated.

16. SPECIAL ITEM – CLOSURE OF SPRINGFIELD ACADEMY OF EXCELLENCE

The Sponsor ordered the closure and discontinuation of the contract between the Sponsor and Academy effective June 30, 2015. This closure was deemed necessary by the Sponsor due to Academy's failure to meet its academic goals and contractual non-compliance.

Pursuant to GASB Statement No. 69, the Academy is reporting a special item representing costs directly related to the closure. A summary of principal items included as a special item on the Statement of Revenues, Expenses and Changes in Net Position follows:

Write-off of Net Pension Liability	\$2,832,374
Write-off of Deferred Inflows related to pension	513,988
Write-off of Deferred Outflows related to pension	(180,067)
Loss on Sale of Assets	(138,361)
Distribution of Net Assets to Others	(160,119)
Total Special Item	<u>\$2,867,815</u>

17. SUBSEQUENT EVENTS

The Church of Jesus was a guarantor of the Academy's construction loan. In July 2015, Huntington National Bank extended a loan to the Church of Jesus, which paid off the Academy's loan. The Academy is no longer obligated on any debt to Huntington. The Academy did not receive any funds from this loan as the loan only retired the former school debt.

The Academy is currently working through the appropriate closeout procedures as set forth by the State of Ohio. Subsequent to June 30, 2015, the Academy had cash receipts of \$57,328 and cash disbursements of \$151,937 resulting in a cash balance as of March 23, 2015, of \$24,182. Cash disbursements consisted of payments for purchased services for instructional personnel, support administrative services and other purchased services including the audit fees. The Academy had outstanding audit fees in the amount of \$6,355. All remaining audit fees will be remitted to the Auditor of State and all remaining cash will be provided to the Ohio Department of Education.

**SPRINGFIELD ACADEMY OF EXCELLENCE
CLARK COUNTY**

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Grant Year	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education</i>						
Child Nutrition Cluster:						
School Breakfast Program	2015	10.553	\$37,759		\$37,759	
National School Lunch Program	2015	10.555	105,605		105,605	
National School Lunch Program	2015	10.555		\$11,672		\$11,672
Total National School Lunch Program			<u>105,605</u>	<u>11,672</u>	<u>105,605</u>	<u>11,672</u>
Total Child Nutrition Cluster and U.S. Department of Agriculture			<u>143,364</u>	<u>11,672</u>	<u>143,364</u>	<u>11,672</u>
U.S. DEPARTMENT OF EDUCATION						
<i>Direct Program</i>						
Fund for the Improvement of Education	2014	84.215E	10,902		7,312	
Fund for the Improvement of Education	2015	84.215E	166,777		172,901	
Total Fund for the Improvement of Education			<u>177,679</u>		<u>180,213</u>	
<i>Passed Through Ohio Department of Education</i>						
Title 1 Grants to Local Educational Agencies						
Title I School Improvement, Subsidy A Grants	2014	84.010			59	
Title I School Improvement, Subsidy A Grants	2015	84.010	53,000		53,000	
Total Title I School Improvement, Subsidy A Grants			<u>53,000</u>		<u>53,059</u>	
Title I Grants to Local Educational Agencies	2014	84.010	9,959		15,296	
Title I Grants to Local Educational Agencies	2015	84.010	183,720		183,720	
Total Title I Grants to Local Educational Agencies			<u>193,679</u>		<u>199,016</u>	
Total Title I Grants to Local Educational Agencies			<u>246,679</u>		<u>252,075</u>	
Special Education Grants to States	2014	84.027	4,224		4,214	
Special Education Grants to States	2015	84.027	50,198		50,198	
Total Special Education Grants to States			<u>54,422</u>		<u>54,412</u>	
Improving Teacher Quality State Grants	2014	84.367			518	
Improving Teacher Quality State Grants	2015	84.367	4,898		4,898	
Total Improving Teacher Quality State Grants			<u>4,898</u>		<u>5,416</u>	
ARRA - State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants	2015	84.395A	2,054		2,054	
Total Passed Through the Ohio Department of Education			<u>308,053</u>		<u>313,957</u>	
Total U.S. Department of Education			<u>485,732</u>		<u>494,170</u>	
Total Expenditures of Federal Awards			<u>\$629,096</u>	<u>\$11,672</u>	<u>\$637,534</u>	<u>\$11,672</u>

The accompanying notes are an integral part of this schedule.

**SPRINGFIELD ACADEMY OF EXCELLENCE
CLARK COUNTY**

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Receipts and Expenditures of Federal Awards (the Schedule) reports the Springfield Academy of Excellence, Inc. (the Academy's) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B- CHILD NUTRITION CLUSTER

The Academy commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the Academy assumes it expends federal monies first.

NOTE C – FOOD DONATION PROGRAM

The Academy reports commodities consumed on the Schedule at the entitlement value. The Academy allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.



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

Springfield Academy of Excellence
Clark County
4449 Easton Way Fl 2
Columbus, Ohio 43219

To the Governing Board:

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 Springfield Academy of Excellence, Clark County, (the Academy) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated December 6, 2016. We noted the Academy adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, and GASB Statement No. 69, *Government Combinations and Disposals of Government Operations* as the Academy closed effective June 30, 2015.

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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider material weaknesses. We consider findings 2015-001 and 2015-002 to be material weaknesses.

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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 2015-001 through 2015-003.

Academy's Responses to Findings

The Academy's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Academy's responses and, accordingly, we express no opinion on them.

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.



Dave Yost
Auditor of State
Columbus, Ohio

December 6, 2016



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Springfield Academy of Excellence
Clark County
4449 Easton Way Fl 2
Columbus, Ohio 43219

To the Governing Board:

Report on Compliance for the Major Federal Program

We have audited the Springfield Academy of Excellence's (the Academy) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Springfield Academy of Excellence's major federal program for the year ended June 30, 2015. The *Summary of Auditor's Results* in the accompanying schedule of findings and questioned costs identifies the Academy's major federal program.

Management's Responsibility

The Academy's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Academy's compliance for the Academy's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we were unable to obtain sufficient appropriate evidence to opine on the Academy's major Federal program listed in the following section.

Basis for Disclaimer of Opinion on Title I Grants to Local Educational Agencies

As described in Findings 2015-004 through 2015-007, we were unable to obtain sufficient documentation supporting the Academy's compliance with the requirements of major program Title I Grants to Local Educational Agencies regarding the following:

Finding #	Compliance Requirement
2015-004	Eligibility
2015-005	Activities Allowed/Unallowed, Allowable Costs/Cost Principles, and Period of Availability
2015-006	Maintenance of Effort and Earmarking
2015-007	Reporting

We also were not able to satisfy ourselves as to the Academy's compliance with these requirements by other auditing procedures.

Disclaimer of Opinion on Title I Grants to Local Educational Agencies

Because of the matters described in the preceding paragraph, the scope of our work was insufficient to enable us to express, and we do not express, an opinion on the Academy's compliance with the compliance requirements applicable to Major Program Title I Grants to Local Educational Agencies.

Report on Internal Control over Compliance

The Academy's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Academy's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Academy's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2015-004 through 2015-007 to be material weaknesses.

The Academy's response to our internal control over compliance findings is described in the accompanying corrective action plan. We did not audit the Academy's response and, accordingly, we express no opinion on it.

Springfield Academy of Excellence
Clark County
Independent Auditor's Report on Compliance with Requirements
Applicable to the Major Federal Program and on Internal Control over
Compliance Required by OMB Circular A-133
Page 3

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report 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

December 6, 2016

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**SPRINGFIELD ACADEMY OF EXCELLENCE
CLARK COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2015**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Disclaimer
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA 84.010, Title I Grants to Local Educational Agencies
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

FINDING NUMBER 2015-001

Noncompliance and Material Weakness - Financial Reporting

Ohio Admin. Code §117-2-02(A) states all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code.

Ohio Admin. Code §117-2-02(B) states the management of each local public office is responsible for the assertions underlying the information in the public office's financial statements.

**FINDING NUMBER 2015-001
(Continued)**

Sound financial reporting is the responsibility of the Treasurer and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

Governmental Accounting Standards Board (GASB) Statement No. 69, *Government Combinations and Disposals of Government Operations*, establishes accounting and financial reporting standards related to government combinations and disposals of government operations.

The original financial report compiled by the Academy did not include the implementation of GASB 69 as required for the discontinued operations. The revised report provided with the implementation of GASB 69 was not completed properly. Additionally, the Academy implemented GASB 68; however, the Academy did not include the required supplementary schedules of net pension liabilities and pension contributions.

The following audit adjustments were made to the June 30, 2015 financial statements:

1. Deferred Outflows of Resources related to pension removed from the statements, in the amount of \$180,067
2. Deferred Inflows of Resources related to pension removed from the statements, in the amount of \$513,988
3. Net Pension Liability removed from the statements, in the amount of \$2,832,374.
4. Special Items added to the statements for the following:
 - a. Termination of obligation to pension system - \$3,166,295
 - b. Distribution of net assets to Others - \$160,119
 - c. Other - \$138,361 (previously included as a loss on transfer of capital assets)
5. Net Position restated as \$0.

Additionally, several changes and adjustments were needed to the notes to the financial statements to properly reflect financial information and disclosures as required.

Officials' Response: See Corrective Action Plan on pg 41

FINDING NUMBER 2015-002

Noncompliance and Material Weakness - Public Records

Ohio Rev. Code §3314.03(A)(11)(d) requires that each contract entered into between a sponsor and the governing authority of a community school shall specify that the school will comply with Section 149.43 of the Ohio Rev. Code.

Ohio Rev. Code §149.43(B) states, in part, that all public records shall be promptly prepared and made available for inspection to a person at all reasonable times during regular business hours. In order to facilitate broader access to public records, public offices shall maintain public records in a manner that they can be made available for inspection in accordance with division (B) of this section.

The Academy was unable to provide the following records during the audit:

- Four non-payroll invoices, for a total of \$6,159. Alternative procedures were performed to determine proper public purpose of the expenditures.
- Proper approvals and/or supporting documentation for decrease in pay for two employees.
- Other financial audit information as indicated in Findings 2015-003 through 2015-007

Officials' Response: See Corrective Action Plan on pg 41.

FINDING NUMBER 2015-003

Noncompliance - Funding

Ohio Rev. Code §3314.03(A)(28) states each contract entered into between a sponsor and the governing authority of a community school shall specify that the school's attendance and participation records shall be made available to the department of education, auditor of state, and school's sponsor to the extent permitted under and in accordance with the "Family Educational Rights and Privacy Act of 1974." 88 Stat. 571. 20 U.S.C. 1232g. as amended, and any regulations promulgated under that act, and section 3319.321 of the Revised Code.

Ohio Rev. Code §3314.08 provides the formula by which Community Schools are funded. Community Schools receive funding from the state through the per-pupil foundation allocation. Unlike city, local, exempted village and joint vocational school districts, Community Schools have no tax base from which to draw funds for buildings and investment in infrastructure.

Ohio Rev. Code §3314.08(H)(3) states the department shall determine each community school student's percentage of full-time equivalency based on the percentage of learning opportunities offered by the community school to that student, reported either as number of hours or number of days, is of the total learning opportunities offered by the community school to a student who attends for the school's entire school year. Whether it reports hours or days of learning opportunities, each community school shall offer not less than nine hundred twenty hours of learning opportunities during the school year.

The Academy did not maintain supporting documentation for excused absences, such as parent excuses, doctor notes, and/or call logs for fiscal year 2015. Additionally, the Academy was unable to provide adequate supporting documentation to permit recalculation of full-time equivalency percentages.

Officials' Response: See Corrective Action Plan on pg 41

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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Finding Number	2015-004
CFDA Title and Number	84.010 – Title I Grants to Local Educational Agencies
Federal Award Number / Year	2015
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

Noncompliance / Material Weakness / Questioned Cost - Eligibility

34 CFR § 200.78(a)(1) states an LEA must allocate funds under subpart A of this part to school attendance areas and schools, identified as eligible and selected to participate under section 1113(a) or (b) of the ESEA, in rank order on the basis of the total number of children from low-income families in each area or school.

34 CFR §200.78(a)(2)(i) states in calculating the total number of children from low-income families, the LEA must include children from low-income families who attend private schools.

**FINDING NUMBER 2015-004
(Continued)**

34 CFR §200.78(a)(2)(ii) states to obtain a count of private school children, the LEA may:

- (A) Use the same poverty data the LEA uses to count public school children;
- (B) (1) Use comparable poverty data from a survey of families of private school students that, to the extent possible, protects the families' identity; and
(2) Extrapolate data from the survey based on a representative sample if complete actual data are unavailable;
- (C) Use comparable poverty data from a different source, such as scholarship applications;
- (D) Apply the low-income percentage of each participating public school attendance area to the number of private school children who reside in that school attendance area; or
- (E) Use an equated measure of low income correlated with the measure of low income used to count public school children.

34 CFR §200.78 (a)(2)(iii) states an LEA may count private school children from low-income families every year or every two years.

34 CFR §200.78 (a)(2)(iv) states after timely and meaningful consultation in accordance with § 200.63, the LEA shall have the final authority in determining the method used to calculate the number of private school children from low-income families;

34 CFR §200.78 (a)(3) states if an LEA ranks its school attendance areas and schools by grade span groupings, the LEA may determine the percentage of children from low-income families in the LEA as a whole or for each grade span grouping.

34 CFR §200.78(b)(1) states except as provided in paragraphs (b)(2) and (d) of this section, an LEA must allocate to each participating school attendance area or school an amount for each low-income child that is at least 125 percent of the per-pupil amount of funds the LEA received for that year under part A, subpart 2 of Title I. The LEA must calculate this per-pupil amount before it reserves funds under § 200.77, using the poverty measure selected by the LEA under section 1113(a)(5) of the ESEA.

34 CFR §200.78(b)(2) states if an LEA is serving only school attendance areas or schools in which the percentage of children from low-income families is 35 percent or more, the LEA is not required to allocate a per-pupil amount of at least 125 percent.

Ohio Rev. Code §3314.03(A)(11)(d) requires that each contract entered into between a sponsor and the governing authority of a community school shall specify that the school will comply with Section 149.43 of the Ohio Rev. Code.

Ohio Rev. Code §149.43(B) states, in part, that all public records shall be promptly prepared and made available for inspection to a person at all reasonable times during regular business hours. In order to facilitate broader access to public records, public offices shall maintain public records in a manner that they can be made available for inspection in accordance with division (B) of this section.

The Academy based the eligibility of the school-wide program on the national school lunch applications provided by students to support 100% of students below poverty level; however, the Academy was unable to provide the applications for verification of eligibility. The Academy received \$246,679 and expended \$252,075 in Title I federal funds during fiscal year 2015.

In accordance with the foregoing facts and pursuant to OMB Circular A133 Section .510 (a)(3) federal questioned costs, in the amount \$252,075, is hereby issued.

Officials' Response:

See Corrective Action Plan on pg 41.

Finding Number	2015-005
CFDA Title and Number	84.010 – Title I Grants to Local Educational Agencies
Federal Award Number / Year	2015
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

Noncompliance and Material Weakness - Activities Allowed/Unallowed, Allowable Costs/Cost Principles, and Period of Availability

2 CFR Part 225 Appendix A Part C provides the following guidelines for expenditure to be allowable under federal expenditures:

- Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
- Be adequately documented.
- Not to be included as a cost or used to meet cost sharing or matching requirements of any other Federal award in either the current or a prior period, except as specifically provided by Federal law or regulation.

Additionally, **2 CFR Part 225, Attachment B, Section 8(h)(3)** states where employees are expected to work solely on a single Federal award or cost objective, charges for their salary and wages will be supported by periodic certifications that the employee worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.

Furthermore, **Section 8(h)(4)** provides that; ...Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection 8.h.(5) of this appendix... Such documentary support will be required where employees work on:

- (a) More than one Federal award
- (b) A Federal award and a non-Federal award,
- (c) An indirect cost activity and a direct cost activity,
- (d) Two or more indirect activities which are allocated using different allocation bases, or,
- (e) An unallowable activity and a direct or indirect cost activity.

During fiscal year 2015, the Academy documented that the Superintendent and Treasurer both sign each purchase order. The signatures represent certification that the expenditures have been reviewed and certified for allowable costs/ activities and occurred within the period of availability. The Academy was unable to provide one of the sampled purchase orders and five purchase orders did not have the proper signatures. In addition, \$215 in Title I non-payroll expenditures were not properly supported by adequate documentation to show the obligations were actually paid from federal funds in accordance with applicable grant requirements.

Additionally, the Academy failed to maintain proper certifications or logs for six of 13 payroll transactions tested that were charged to the Title I program. Out of the certifications provided, only three agreed to the percentages indicated on the forms. The forms also were not completed on a semi-annual basis after-the-fact.

Officials' Response:

See Corrective Action Plan on pg 41.

Finding Number	2015-006
CFDA Title and Number	84.010 – Title I Grants to Local Educational Agencies
Federal Award Number / Year	2015
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

Noncompliance and Material Weakness - Maintenance of Effort and Earmarking

34 CFR Section 299.5(a) stipulates that a Local Educational Agency (LEA) receiving funds under an applicable program listed in paragraph (b) of this section may receive its full allocation of funds only if the State Educational Agency (SEA) finds that either the combined fiscal effort per student or the aggregate expenses of State and local funds with respect to the provision of free public education in the LEA for the preceding fiscal year was not less than 90 percent of the combined fiscal effort per student or the aggregate expenses for the second preceding fiscal year. This is commonly referred to as maintenance of effort requirement.

Subparts (d) (1) & (2) further explain, in determining an LEA’s compliance with paragraph (a) of this section, the SEA shall consider only the LEA’s expenses from State and local funds for free public education. These include expenses for administration, instruction, attendance and health services, pupil transportation services, operation and maintenance of plant, fixed charges, and net expenses to cover deficits for food services and student body activities. The SEA may not consider the following expenses in determining an LEA’s compliance with the requirements in paragraph (a) of this section:

- Any expenses for community services, capital outlay, debt service or supplemental expenses made as a result of a Presidentially-declared disaster; or
- Any expenses made from funds provided by the Federal Government.

The Ohio Department of Education (ODE) performs the maintenance of effort computation for all Ohio LEA’s, including community schools. ODE uses the Expenditure Flow Model (EFM) to report per-pupil spending for Ohio’s schools to capture LEA expenditure data necessary for the maintenance of effort computation. The purpose of the EFM is to categorize and report expenses directly related to the education of students. Pursuant to Ohio Administrative Code Section 3301-19-03, the LEA expenditure flow reports shall be derived from data collected electronically – including financial records that utilize the data coding structure of the uniform school accounting system (USAS) available on the auditor of state’s website – through the education management information system (EMIS) or any other reporting system designated for data collection by the superintendent of public instruction. All city, exempted village, local, and joint vocational school, educational service centers, and community schools will be required to submit the EMIS data necessary for the expenditure reports per deadlines established by EMIS procedures available on ODE’s website.

The support on the Academy's accounting system for three out of eight general fund and non-general fund line items did not agree to the amount reported in the inclusion report. The following variances were noted:

<u>Inclusion Report Name</u>	<u>Amount Per Inclusion Report</u>	<u>Amount Per Ledger</u>	<u>Variance</u>
Instructional Staff Support Services	\$9,292	\$2,234	(\$7,058)
Other and Non-Specified Support Services	45,639	59,754	14,115
Construction		44,617	(44,167)

**FINDING NUMBER 2015-006
 (Continued)**

Ohio Rev. Code §3314.03(A)(11)(d) requires that each contract entered into between a sponsor and the governing authority of a community school shall specify that the school will comply with Section 149.43 of the Ohio Rev. Code.

Ohio Rev. Code §149.43(B) states, in part, that all public records shall be promptly prepared and made available for inspection to a person at all reasonable times during regular business hours. In order to facilitate broader access to public records, public offices shall maintain public records in a manner that they can be made available for inspection in accordance with division (B) of this section.

Finally, the Academy was unable to provide the necessary average daily membership (ADM) reports in order to perform testing to ensure the ADM reports were accurate and complete.

Officials' Response:

See Corrective Action Plan on pg 41.

Finding Number	2015-007
CFDA Title and Number	84.010 – Title I Grants to Local Educational Agencies
Federal Award Number / Year	2015
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

Noncompliance and Material Weakness - Reporting

20 U.S.C. §7801(1)(A) states except as provided otherwise by State law or this paragraph, the term “average daily attendance” means –

- (i) the aggregate number of days of attendance of all students during a school year; divided by
- (ii) the number of days school is in session during that year.

20 U.S.C. §7801(2) states the term “average per-pupil expenditure” means, in the case of a State or of the United States—

- (A) without regard to the source of funds—
 - (i) the aggregate current expenditures, during the third fiscal year preceding the fiscal year for which the determination is made (or, if satisfactory data for that year are not available, during the most recent preceding fiscal year for which satisfactory data are available) of all local educational agencies in the State or, in the case of the United States, for all States (which, for the purpose of this paragraph, means the 50 States and the District of Columbia); plus
 - (ii) any direct current expenditures by the State for the operation of those agencies; divided by
- (B) the aggregate number of children in average daily attendance to whom those agencies provided free public education during that preceding year.

**FINDING NUMBER 2015-007
(Continued)**

20 U.S.C. §7801(12) states the term “current expenditures” means expenditures for free public education—

- (A) including expenditures for administration, instruction, attendance and health services, pupil transportation services, operation and maintenance of plant, fixed charges, and net expenditures to cover deficits for food services and student body activities; but
- (B) not including expenditures for community services, capital outlay, and debt service, or any expenditures made from funds received under subchapter I of this chapter and part A of subchapter V of this chapter.

Each year the Academy is required to submit data to the SEA for the SEA's report. The SEA determines the format of the data submission. Current expenditures to be included are those for free public education, including administration, instruction, attendance and health services, pupil transportation services, operation and maintenance of plant, fixed charges and net expenditures to cover deficits for food services and student body activities.

Ohio Rev. Code §3314.03(A)(11)(d) requires that each contract entered into between a sponsor and the governing authority of a community school shall specify that the school will comply with Section 149.43 of the Ohio Rev. Code.

Ohio Rev. Code §149.43(B) states, in part, that all public records shall be promptly prepared and made available for inspection to a person at all reasonable times during regular business hours. In order to facilitate broader access to public records, public offices shall maintain public records in a manner that they can be made available for inspection in accordance with division (B) of this section.

The Academy was unable to provide support that the Academy sent the Expenditure Per Pupil information to the Ohio Department of Education.

Officials' Response:

See Corrective Action Plan on pg 41.

**SPRINGFIELD ACADEMY OF EXCELLENCE
CLARK COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
JUNE 30, 2015**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2015-001 through 2015-007	Springfield Academy of Excellence closed effective June 30, 2015.	N/A	Jesse Hemphill, Treasurer

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Dave Yost • Auditor of State

SPRINGFIELD ACADEMY OF EXCELLENCE

CLARK 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 27, 2016**