COLUMBUS BILINGUAL ACADEMY
FRANKLIN COUNTY

FINAL AUDIT

FOR THE YEAR ENDED JUNE 30, 2016

Dave Yost • Auditor of State

COLUMBUS BILINGUAL ACADEMY
FRANKLIN COUNTY

TABLE OF CONTENTS

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INDEPENDENT AUDITOR'S REPORT

Columbus Bilingual Academy
Franklin County
35 Midland Avenue
Columbus, Ohio 43223

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of Columbus Bilingual Academy, Franklin County, Ohio (the School), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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www.ohioauditor.gov

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Columbus Bilingual Academy, Franklin County, Ohio, as of June 30, 2016, 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 13 of the financial statements, the School formally ceased operations on June 30, 2016. We did not modify our opinion regarding this matter.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2017, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Dave Yost
Auditor of State
Columbus, Ohio

April 25, 2017

COLUMBUS BILINGUAL ACADEMY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016

The discussion and analysis of the Columbus Bilingual Academy (the School) financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the School's' financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the School's financial performance.

The Management's Discussion and Analysis (the MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current fiscal year and the prior fiscal year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key Financial Highlights for the School for the 2015-16 school year are as follows:

- Total Assets increased $29,594. This increase is due to the closure of the School (see notes to the financial statements, Note 13).
- Total Liabilities decreased $1,857,029. This was primarily due to the decrease in net pension liability due to the School's closure (see notes to the financial statements, Note 13).
- Total Net Position increased $1,982,788. This increase is due to the closure of the School (see notes to the financial statements, Note 13).
- Total Operating and Non-Operating revenues were $1,904,043. Total Operating expenses were $1,685,726.
- A special item of $1,764,471 represents the impact related to the closing of the School. Any cash balances remaining after the collection of all receivables and the payment of all liabilities will be returned to the Ohio Department of Education (ODE). ODE will then distribute this balance among the public school districts that had students enrolled in the School. This payment to ODE, any expenditure after the School's closure, and the gain on GASB 68 write-off is included in the special item.

USING THIS ANNUAL REPORT

This report consists of four parts: the MD&A, the basic financial statements, notes to those statements, and required supplemental information. The basic financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows.

The Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position reflect how the School did financially during fiscal year 2016. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting includes all of the current year revenues and expenses regardless of when cash is received or paid.

These statements report the School's Net Position and changes in this position. This change in Net Position is important because it tells the reader whether the financial position of the School has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School's' student enrollment, per-pupil funding as determined by the State of Ohio, change in technology, required educational programs and other factors.

The School uses enterprise presentation for all of its activities.

Statement of Net Position

The Statement of Net Position answers the question of how the School did financially during 2016. This statement includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, and short-term and long-term using the accrual basis of accounting and economic resource focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

Table 1 provides a summary of the School's Net Position for fiscal year 2016 compared to fiscal year 2015.

Table 1
Statement of Net Position

	2016	2015
Assets		
Current Assets	$ 205,434	$ 139,534
Capital Assets, Net	-	36,306
Total Assets	205,434	175,840
Deferred Outflows of Resources	-	209,819
Liabilities		
Current Liabilities	205,434	386,214
Net Pension Liability	-	1,676,249
Total Liabilities	205,434	2,062,463
Deferred Inflows of Resources	-	305,984
Net Position		
Net Investment in Capital Assets	-	36,306
Restricted	-	20,391
Unrestricted	-	(2,039,485)
Total Net Position	$ -	$(1,982,788)

During 2015, the School 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 School'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 School'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 School 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 School'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 of resources.

As a result of implementing GASB 68, the School is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

Over time, Net Position can serve as a useful indicator of a government's financial position. At June 30, 2016, the School's net position totaled $0. Overall, the change in assets and liabilities was due to additional payables existing at year end over the prior year and the changes to GASB 68 that then was reversed with the implementation of GASB 69.

Current assets represent cash and cash equivalents, as well as, intergovernmental receivables. Current liabilities represent accounts payable, accrued expenses, accrued wages and benefits, and withholdings payable.

Statement of Revenues, Expenses and Changes in Net Position

Table 2 shows the change in Net Position for fiscal years 2016 and 2015, as well as a listing of revenues and expenses. This change in Net Position is important because it tells the reader that, for the School as a whole, the financial position of the School has improved or diminished. The cause of this may be the result of many factors, some financial, some not. Non-financial factors include the current laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

Table 2
Change in Net Position

	2016	2015
Operating Revenue		
Foundation Payments	$ 1,455,945	$ 1,329,305
Unrestricted Grants-In-Aid	40,111	-
Local Revenue	82,230	22,936
Other	193	
Total Operating Revenues	1,578,479	1,352,241
Operating Expenses		
Salaries	826,567	763,504
Fringe Benefits	218,201	211,557
Purchased Services	509,982	721,416
Materials and Supplies	90,002	100,427
Depreciation	36,306	20,079
Other	4,668	8,692
Total Operating Expenses	1,685,726	1,825,675
Operating (Loss)	(107,247)	(473,434)
Non-Operating Revenues		
Federal Grants	325,564	572,023
Other Intergovernmental Revenue	-	1,100
Other Grants	-	308
Total Non-Operating Revenues	325,564	573,431
Income Before Special Item	218,317	-
Special Item	1,764,471	-
Change in Net Position	$ 1,982,788	$ 99,997

Overall, the increase in Operating Revenues was a result of positive changes to the State funding formula. There was also a corresponding increase across salaries and benefits due to the additional students needing to be served. The special item reported was the result of the implementation of GASB 69 due to the School's closure (see notes to the financial statements, Note 13).

BUDGETING HIGHLIGHTS

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Chapter 5705 (with the exception section 5705.391 – Five Year Forecasts), unless specifically provided in the community school's contract with its Sponsor.

The contract between the School and its Sponsor does prescribe a budgetary process. The School must prepare and submit a detail budget for every fiscal year to the Board of Directors and its Sponsor. The five-year forecast is also submitted to the Ohio Department of Education, annually.

CAPITAL ASSETS

At fiscal year end, the School's net capital asset balance was $0. This balance represents no current year additions and current year depreciation of $36,306. For more information on capital assets, see Note 5 of the Basic Financial Statements.

CURRENT FINANCIAL ISSUES

The School is a community School and is funded through the State of Ohio Foundation Program. The School relies on this, as well as, State and Federal funds as its primary source of revenue. In 2016, the State raised the base per pupil funding to $5,900, which is up from $5,800 in the previous year. Additionally, community schools in Ohio will be allocated a small amount of facilities funding which is also per pupil based. This amount is projected to be $150 per pupil.

The full-time equivalent enrollment of the School for the year ended June 30, 2016 was 177.24 compared to a figure of 177.45 at the end of fiscal year 2015.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the School's finances and to demonstrate accountability for the money it receives. If you have questions about this report or need additional information Richland Academy of the Arts, 75 N. Walnut Ave., Mansfield, Ohio 44902.

COLUMBUS BILINGUAL ACADEMY
FRANKLIN COUNTY

Statement of Net Position
At June 30, 2016

Assets	
Current Assets:	
Cash and Cash Equivalents	$ 155,222
Intergovernmental Receivable	50,212
Total Current Assets	205,434
Total Assets	205,434
Liabilities	
Current Liabilities:	
Accounts Payable	13,503
Accrued Expenses	89,410
Accrued Wages and Benefits	98,795
Closing Accrual	3,726
Total Current Liabilities	205,434
Net Position	
Unrestricted	-
Total Net Position	$ -

See accompanying notes to the basic financial statements

COLUMBUS BILINGUAL ACADEMY
FRANKLIN COUNTY

Statement of Revenues,
Expenses and Change in Net Position
For the Year Ending June 30, 2016

Operating Revenues	
Foundation Payments	$ 1,455,945
Unrestricted Grants-In-Aid	40,111
Local Revenue	82,230
Other	193
Total Operating Revenues	1,578,479
Operating Expenses	
Salaries	826,567
Fringe Benefits	218,201
Purchased Services	509,982
Materials and Supplies	90,002
Depreciation	36,306
Other	4,668
Total Operating Expenses	1,685,726
Operating (Loss)	(107,247)
Non-Operating Revenues	
Federal Grants	325,564
Total Non-Operating Revenues	325,564
Income before special item	218,317
Special Item (See Note 13)	1,764,471
Change in Net Position	1,982,788
Net Position, Beginning of Year	(1,982,788)
Net Position, End of Year	$ -

See accompanying notes to the basic financial statements

COLUMBUS BILINGUAL ACADEMY
FRANKLIN COUNTY

Statement of Cash Flows
For the Fiscal Year Ended June 30, 2016

Cash Flows from Operating Activities	
Cash Received from State of Ohio	$ 1,562,303
Cash Received from Other Operating Sources	82,424
Cash Payments to Suppliers for Goods and Services	(786,690)
Cash Payments to Employees for Services	(826,567)
Cash Payments for Employee Benefits	(230,971)
Net Cash (Used for) Operating Activities	(199,501)
Cash Flows from Non-capital Financing Activities	
Cash Received from Federal Grants	279,987
Net Cash Provided by Non-capital Financing Activities	279,987
Net Increase in Cash and Cash Equivalents	80,486
Cash and Cash Equivalents, Beginning of Year	74,736
Cash and Cash Equivalents, End of Year	$ 155,222

(continued)

COLUMBUS BILINGUAL ACADEMY
FRANKLIN COUNTY

Statement of Cash Flows
For the Fiscal Year Ended June 30, 2016
(Continued)

RECONCILIATION OF OPERATING LOSS TO NET CASH (USED FOR) OPERATING ACTIVITIES

Operating Loss	$(107,247)
Depreciation	36,306
Changes in Assets, Liabilities, Deferred Inflows and Outflows of Resources:	
(Increase)/ Decrease in Accounts Receivable	60,162
(Increase)/ Decrease in Deferred Outflows	(146,200)
Increase/ (Decrease) in Deferred Inflows	(182,358)
Increase/ (Decrease) in Net Pension Liability	324,342
Increase/ (Decrease) in Other Liabilities	(14,588)
Increase/ (Decrease) in Accounts Payable	(259,328)
Increase/ (Decrease) in Accrued Expenses	89,410
Net Cash (Used for) Operating Activities	(199,501)

See accompanying notes to the basic financial statements

1. DESCRIPTION OF THE ENTITY

The Columbus Bilingual Academy, (the School) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The School's mission is to provide an orderly and supportive environment for students in kindergarten through eighth grade. The School operates on a foundation, which fosters character building for all students, parents and staff members. The School, 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 School may acquire facilities as needed and contract for any services necessary for the operation of the School.

The School was approved for operation under a contract with The Richland Academy (the Sponsor) for fiscal year 2016. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration. During the fiscal year the Sponsor notified the School of its decision to not renew the School for the 2016-2017 school year and to begin closing procedures.

The School operates under the direction of a Board of Directors (the Board). The Board is responsible for carrying out the provisions of the contract which include, but are not limited to, state mandated provisions regarding student populations, curriculum, academic goals, performance standards, admissions standards, and qualifications of teachers. The Board controls the School's instructional and administrative staff.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the School have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental nonprofit organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School's accounting policies are described below.

A. Basis of Presentation

The School's basic financial statements consist of a Statement of Net Position, a Statement of Revenue, Expenses and Change in Net Position, and a Statement of Cash Flows. Enterprise fund reporting focuses on the determination of the changes Net Position, financial position and cash flows.

The Government Accounting Standards Board requires the presentation of all financial activity to be reported within one enterprise fund for year-ending reporting purposes. Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprise where the intent is that the cost (expense) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by measurement focus. Under this measurement focus, all assets, all deferred outflows of resources, all liabilities, and all deferred inflows of resources are included on the balance sheet. The operating statement presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting is used for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. Budgetary Process

Unlike other public schools located in the state of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705 (with the exception section 5705.391 – Five Year Forecasts), unless specifically provided for in the School's sponsorship agreement. The contract between the School and its Sponsor requires a detailed budget for each year of the contract.

D. Cash and Cash Equivalents

Cash received by the School is reflected as "Cash and Cash Equivalents" on the Statement of Net Position. The School did not have any investments during the period ended June 30, 2016.

E. 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.

F. Capital Assets and Depreciation

Capital assets are capitalized at cost. Donated Capital Assets are recorded at their fair market values as of the date received. The costs of additions are capitalized and expenditures for repairs and maintenance are expensed when incurred. When property is sold or retired, the related costs and accumulated depreciation are removed from the financial records and any gain or loss is included in additions to or deductions from Net Position. Capital assets were $0, as of June 30, 2016, net of accumulated depreciation. Depreciation of capital assets is calculated utilizing the straight-line method over the estimated useful lives of the asset which are as follows:

Asset Class	Useful Life
Computers & Software	3 years
Furniture, Fixtures, & Equipment	5 years
Textbooks	3 years

The School's policy for asset capitalization threshold is $500. Assets or certain asset groups not meeting the capitalization threshold are not capitalized and are not included in the assets represented in the accompanying Statement of Net Position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Intergovernmental Revenues

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

Grants and entitlements are recognized as non-operating revenues in the accounting period in which eligibility requirements have been met.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School on a reimbursement basis.

The School also participates in various federal programs passed through the Ohio Department of Education.

Under the above programs the School recorded $1,455,945 this fiscal year from the Foundation Program and $325,564 from Federal Grants.

H. Accrued Liabilities

Obligations incurred but unpaid at June 30 are reported as accrued liabilities in the accompanying financial statements. These liabilities consisted of Accounts Payable, Accrued Expenses, Accrued Wages and Benefits, and totaled $201,708 at June 30, 2016.

I. Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Non exchange transactions, in which the School receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School must provide local resources to be used for a specified purpose, and expenditures requirements, in which the resources are provided to the School on a reimbursement basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Deferred Inflows and Deferred Outflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. No deferred outflow of resources exists at year end.

In addition to liabilities, the statements of financial position 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 until that time. No deferred inflow of resources exists at year end.

K. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net Position is reported as restricted when there are limitations imposed on their use through external restriction imposed by creditors, grantors, or laws and regulations of other governments. The School applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted Net Position are available. Net Position invested in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets.

L. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activities of the School. For the School, these revenues are primarily the State Foundation program. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the School. All revenues and expenses not meeting this definition are reported as non-operating. There were no non-operating expenses reported at June 30, 2016.

M. 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/deletions from their fiduciary net positon 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Implementation of New Accounting Policies

For the fiscal year ended June 30, 2016, the School implemented Governmental Accounting Standards Board (GASB) Statement No. 72*, Fair Value Measurement and Application*, GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, GASB Statement No. 76*, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*.

GASB Statement No. 72 clarifies the definition of fair value for financial reporting purposes, establishes general principles for measuring fair value, provides additional fair value application guidance, and enhances disclosures about fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the School.

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68 as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also clarifies the application of certain provisions of GASB Statements 67 and 68. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the School.

GASB Statement No. 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and address the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the School.

GASB Statement No. 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for and external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the School.

O. 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 School or the Sponsor and that are either unusual in nature or infrequent in occurrence. For fiscal year 2016, the School is reporting a special item representing costs directly related to the closing of the School. See note 13 for further information.

3. CASH AND CASH EQUIVALENTS

The following information classifies deposits by category of risk as defined in GASB Statement No.3 "Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements," as amended by GASB Statement No.40, "Deposit, and Investment Risk Disclosures".

The School maintains its cash balances at one financial institution, Huntington Bank, located in Ohio. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000, per qualifying account. At June 30, 2016, the book amount of the School's deposits was $155,222 and the bank balance was $158,985.

The School had no deposit policy for custodial risk beyond the requirement of state statute. Ohio law requires that deposits either be insured or be protected by eligible securities pledged to and deposited either with the School or a qualified trustee by the financial institution as security for repayment or by a collateral pool of eligible securities deposited with a qualified trustee to secure repayment of all public monies deposited in the financial institution whose market value shall be at least 105% of deposits being secured. At June 30, 2016, none of the bank balance was exposed to custodial credit risk.

4. INTERGOVERNMENTAL RECEIVABLES

The School had intergovernmental receivables of $50,212 at June 30, 2016. These receivables represented monies due to the School from government sources, but not received as of June 30, 2016.

5. CAPITAL ASSETS

For the period ending June 30, 2016, the School's capital assets consisted of the following:

	Balance 06/30/15	Additions	Deletions	Balance 06/30/16
Capital Assets:				
Furniture, Fixtures, & Equipment	$ 126,909	$ -	$ -	$ 126,909
Total Capital Assets	126,909	-	-	126,909
Less Accumulated Depreciation:				
Furniture, Fixtures, & Equipment	(90,603)	-	(36,306)	(126,909)
Total Accumulated Depreciation	(90,603)	-	(36,306)	(126,909)
Capital Assets, Net	$ 36,306	$ -	$ (36,306)	$ -

6. RISK MANAGEMENT

A. Property & Liability

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year ending June 30, 2016, the School contracted with Argonaut Insurance Co. for general liability insurance with a $1,000,000 each occurrence/ $3,000,000 annual aggregate. There were no settlements in excess of insurance coverage over the past 3 years nor any reduction of limits.

B. Workers' Compensation

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

C. Employee Medical and Dental Benefits

The School provides medical, vision, and dental insurance benefits through Superior Dental, Anthem Blue Cross Blue Shield and VSP to all full-time employees. During the School year, the School paid 90% of the monthly premiums for all employees.

7. DEFINED BENEFIT PENSIONS PLANS

A. Net Pension Liability

As a result of the implementation of GASB 69, the School shows no net pension liability as of June 30, 2016.

B. Plan Description - School Employees Retirement System (SERS)

Plan Description – School 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:

	Eligible to Retire 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.

7. DEFINED BENEFIT PENSIONS PLANS

B. Plan Description - School Employees Retirement System (SERS) (Continued)

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years 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.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School 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, 2016, the allocation to pension, death benefits, and Medicare B was 14 percent. SERS did not allocate any employer contributions to the Health Care Fund for fiscal year 2016.

The School's contractually required contribution to SERS was $24,999 for fiscal year 2016. For fiscal year 2016, 100.00 percent has been contributed.

C. Plan Description - State Teachers Retirement System (STRS)

Plan Description – School 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.

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.

7. DEFINED BENEFIT PENSIONS PLANS (Continued)

C. Plan Description - State Teachers Retirement System (STRS) (Continued)

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 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.

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, 2016, plan members were required to contribute 13 percent of their annual covered salary. The School was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2016 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was $103,128 for fiscal year 2016. There were no contributions to the DC and Combined Plans for fiscal year 2016. For fiscal year 2016, 100.00 percent has been contributed.

7. DEFINED BENEFIT PENSIONS PLANS (Continued)

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

As a result of the implementation of GASB 69, the School shows no deferred outflows of resources related to pension and no deferred inflows related to pension as of June 30, 2016.

Although deferred outflows of resources, deferred inflows of resources, and net pension liability were eliminated in the implementation of GASB 69, pension expense was computed by recording other changes in those factors during the fiscal year.

Following is information related to the School's pension expense:

	SERS	STRS	Total
Pension Expense	$36,399	$87,513	$123,912

8. POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Health Care Plan Description - The School 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.

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.

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 2016, SERS did not allocate any employer contributions to the Health Care fund. 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 2016, this amount was $23,000. 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.

8. POSTEMPLOYMENT BENEFITS (Continued)

A. School Employees Retirement System (Continued)

The School's contributions for health care (including surcharge) for the fiscal years ended June 30, 2016, 2015, and 2014 were $450, $1,335, and $2,001 respectively. For fiscal year 2016, 2015, and 2014 100.00 percent has been contributed.

B. School Teachers Retirement Systems

Plan Description – The School 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.

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 2016, STRS did not allocate any employer contributions to post-employment health care. The School's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were $0, $0, and $6,250 respectively. The full amount has been contributed for fiscal years 2016, 2015, and 2014.

9. CONTINGENCIES

A. Grants

The School received financial assistance from federal and state agencies in the form of grants. Amount received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amount which may be disallowed, if any, are not presently determinable. However, in the opinion of the School, any such adjustments will not have a material adverse effect on the financial position of the School.

B. Litigation

The School was involved in a legal dispute with Mangen & Associates where it was listed as the defendant in June of the fiscal year. A default judgement was issued in August 2016. An accrual for the default judgement has been included in Accrued Expenses on the financial statements.

9. CONTINGENCIES (Continued)

C. Full-Time Equivalency

The School Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective or the 2015-2016 school year, the community schools must comply with the minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the school district; which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2016 Foundation funding for the School; therefore, the financial impact is not determinable at this time. ODE and management believe this will result in either a receivable or a liability of the School.

10. SPONSOR AND MANAGEMENT CONTRACTS

A. Sponsor

The School contracted with The Richland Academy as its sponsor and oversight services as required by law. Sponsorship fees are calculated as a three percent of state funds received by the School from the State of Ohio. For the fiscal year ended June 30, 2016, the total sponsorship fees paid totaled $40,186.

B. Management Company

During the year the School ended its agreement with Mangen & Associates (M&A),that provided financial, and other management support services for fiscal year 2016. The agreement was terminated on March 21st, 2016. The Academy contracted with Massa Financial Solutions, LLC for the remainder of the fiscal year to provide only fiscal services.

11. PURCHASED SERVICES

For the period of July 1, 2015 through June 30, 2016, the School made the following purchased services commitments.

Professional and Technical Services	$ 249,577
Property Services	69,996
Utilities	36,469
Travel and Meetings	2,787
Communications	21,051
Contractual Trade Services	111,232
Pupil Transportation	18,870
	$ 509,982

12. LEASE OBLIGATIONS

The School entered into a lease agreement with the St. Aloysius Church for the school building located at 32 Clarendon Ave, Columbus, Ohio. The lease commenced on July 1, 2014. The School agreed to pay $37,200 during the twelve monthly installments of $3,100. The lease was extended for an additional twelve-month period during fiscal year 2016. Lease payments made to the Catholic Diocese of Columbus totaled $38,750 for the fiscal year and through the date of this statement.

13. SPECIAL ITEM – SCHOOL CLOSURE

The School officially closed on June 30, 2016 based on a resolution passed by the Board of Education. The School has followed the closing procedures prescribed by ODE. These procedures include, among others, official notification to ODE, retirement systems, the students and the community, disposition of assets, and the preparation of financial statements.

The School disposed of its assets as of year-end, and any remaining cash after the School's final expenses and payables have been paid will be returned to ODE as required by ORC 3313.074 and the bank accounts will be closed. As of December 31, 2016, the School had a cash balance of $47,458.

The School is reporting a special item representing costs directly related to the closure. This amount includes the remaining cash balances which will be returned to the Ohio Department of Education (ODE) after the collection of all receivables and the payment of all liabilities according to ODE closing procedures. ODE will allocate the remaining balance among all public schools with students enrolled in the School. This amount is included in the intergovernmental payable on the Statement of Net Position. Also, due to the closure, unspent State and Federal grant money will be returned to the grantor. Capital assets no longer being used were sold, donated or disposed of in accordance with the community school closure process set by ODE. A summary of principal items included as a special item on the Statement of Revenues, Expenses and Changes in Net Position follows:

	Amounts
Gain on GASB 68 write-off – closure	1,768,197
Closing accrual	(3,726)
Total special item	$1,764,471

COLUMBUS BILINGUAL ACADEMY
FRANKLIN COUNTY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO
LAST THREE FISCAL YEARS (1)

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	2015	2014	2013
School's Proportion of the Net Pension Liability	0.00386740%	0.00359300%	0.00359300%
School's Proportionate Share of the Net Pension Liability	$ -	$ 181,840	$ 213,664
School's Covered-Employee Payroll	$ 107,921	$ 104,394	$ 38,374
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	0.00%	174.19%	556.79%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.16%	71.70%	65.52%

(1) Information prior to 2013 is not available

Amounts presented as of the School's measurement date which is the prior fiscal year end.

COLUMBUS BILINGUAL ACADEMY
FRANKLIN COUNTY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO
LAST THREE FISCAL YEARS (1)

	2015	2014	2013
School's Proportion of the Net Pension Liability	0.00644031%	0.00614390%	0.00614390%
School's Proportionate Share of the Net Pension Liability	$ -	$ 1,494,409	$ 1,780,130
School's Covered-Employee Payroll	$ 675,021	$ 624,977	$ 613,523
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	0.00%	239.11%	290.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.10%	74.70%	69.30%

(1) Information prior to 2013 is not available

Amounts presented as of the School's measurement date which is the prior fiscal year end.

COLUMBUS BILINGUAL ACADEMY
FRANKLIN COUNTY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO
LAST EIGHT FISCAL YEARS (1)

	2016	2015	2014	2013	2012	2011	2010	2009
Contractually Required Contribution	$ 24,999	$ 14,224	$ 14,469	$ 5,311	$ 7,451	$ 23,805	$ 9,987	$ 15,449
Contributions in Relation to the Contractually Required Contribution	(24,999)	(14,224)	(14,469)	(5,311)	(7,451)	(23,805)	(9,987)	(15,449)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
School's Covered-Employee Payroll	$ 178,564	$ 107,921	$ 104,394	$ 38,374	$ 55,398	$ 189,379	$ 73,759	$ 157,002
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.18%	13.86%	13.84%	13.45%	12.57%	13.54%	9.84%

(1) - Information prior to 2009 is not available.

COLUMBUS BILINGUAL ACADEMY
FRANKLIN COUNTY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO
LAST EIGHT FISCAL YEARS (1)

	2016	2015	2014	2013	2012	2011	2010	2009
Contractually Required Contribution	$ 103,128	$ 94,503	$ 81,247	$ 79,758	$ 64,996	$ 90,319	$ 69,753	$ 46,596
Contributions in Relation to the Contractually Required Contribution	(103,128)	(94,503)	(81,247)	(79,758)	(64,996)	(90,319)	(69,753)	(46,596)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
School's Covered-Employee Payroll	$ 736,629	$ 675,021	$ 624,977	$ 613,523	$ 499,969	$ 694,762	$ 536,562	$ 358,431
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

(1) - Information prior to 2009 is not available.

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

Columbus Bilingual Academy
Franklin County
35 Midland Avenue
Columbus, Ohio 43224

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Columbus Bilingual Academy, Franklin County, Ohio, (the School) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated April 25, 2017, wherein we noted the School formally ceased operations on June 30, 2016.

Internal Control Over Financial Reporting

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

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

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

88 East Broad Street, Tenth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-3402 or 800-443-9275
www.ohioauditor.gov

Compliance and Other Matters

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

Purpose of this Report

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

Dave Yost

Dave Yost
Auditor of State
Columbus, Ohio

April 25, 2017

Dave Yost • Auditor of State

COLUMBUS BILINGUAL ACADEMY

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MAY 30, 2017