



**ACADEMIC ACCELERATION ACADEMY
FRANKLIN COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2011



Dave Yost • Auditor of State

**ACADEMIC ACCELERATION ACADEMY
FRANKLIN COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

Academic Acceleration Academy
Franklin County
1990 Jefferson Ave.
Columbus, Ohio 43211

To the Board of Directors:

We have audited the accompanying basic financial statements of the Academic Acceleration Academy, Franklin County, Ohio (the Academy), as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the Academy's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2012, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the Academy's basic financial statements taken as a whole. The federal awards receipts and expenditures schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The federal awards receipts and expenditures schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information 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 information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

March 15, 2012

**ACADEMIC ACCELERATION ACADEMY
FRANKLIN COUNTY**

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

The management's discussion and analysis of the Academic Acceleration Academy's (the "Academy") financial performance provides an overall review of the Academy's financial activities for the fiscal year ending June 30, 2011. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Academy's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2011 are as follows:

- In total, the net assets increased \$132,211 from fiscal year 2010.
- The Academy had operating revenues of \$1,061,044 and operating expenses of \$1,510,382 during fiscal year 2011. The Academy also received \$639,593 in federal, state and local grants and \$4,897 in interest during fiscal year 2011 and reported a loss on disposal of capital assets of \$62,941. The loss on disposal of capital assets resulted primarily from the Academy's increase in its capitalization threshold (See Note 2.G. and Note 6).

Using these Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Academy's financial activities. The *statement of net assets* and *statement of revenues, expenses and changes in net assets* provide information about the activities of the Academy, including all short-term and long-term financial resources and obligations. The *statement of cash flows* provides information about how the Academy finances and meets the cash flow needs of its operations.

Reporting the Academy Financial Activities

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

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

These two statements report the Academy's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the Academy as a whole, the *financial position* of the Academy has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. These statements can be found on pages 7 and 8 of this report. The statement of cash flows can be found on page 9.

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. These notes to the basic financial statements can be found on pages 11-20 of this report.

**ACADEMIC ACCELERATION ACADEMY
FRANKLIN COUNTY**

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

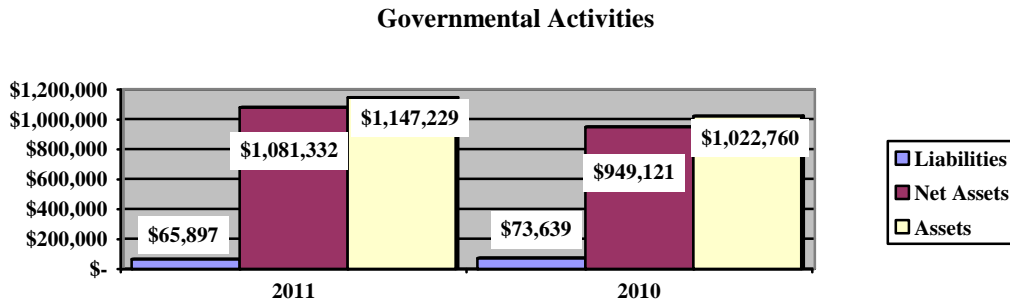
The table below provides a summary of the Academy's net assets at June 30, 2011 and June 30, 2010.

	Net Assets	
	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Current assets	\$ 1,116,356	\$ 923,813
Capital assets, net	<u>30,873</u>	<u>98,947</u>
Total assets	<u>1,147,229</u>	<u>1,022,760</u>
<u>Liabilities</u>		
Current liabilities	<u>65,897</u>	<u>73,639</u>
Total liabilities	<u>65,897</u>	<u>73,639</u>
<u>Net Assets</u>		
Invested in capital assets	30,873	98,947
Restricted	132,585	127,303
Unrestricted	<u>917,874</u>	<u>722,871</u>
Total net assets	<u>\$ 1,081,332</u>	<u>\$ 949,121</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2011, the Academy's assets exceeded liabilities by \$1,081,332. Of this total, \$917,874 is unrestricted. Assets of the Academy increased \$124,469 or 12.17%. This increase is primarily due to an increase in equity in pooled cash and cash equivalents and intergovernmental receivables. Intergovernmental receivables increased primarily due to a new grant, the Education Jobs grant, which was received during fiscal year 2011. Liabilities decreased slightly due to less money due to the Educational Service Center of Central Ohio at year-end.

At year-end, capital assets represented 2.69% of total assets. Capital assets consisted of computers and equipment. There is no debt related to these capital assets. Capital assets are used to provide services to the students and are not available for future spending.

The chart below illustrates the Academy's assets, liabilities and net assets at June 30, 2011 and June 30, 2010.



**ACADEMIC ACCELERATION ACADEMY
FRANKLIN COUNTY**

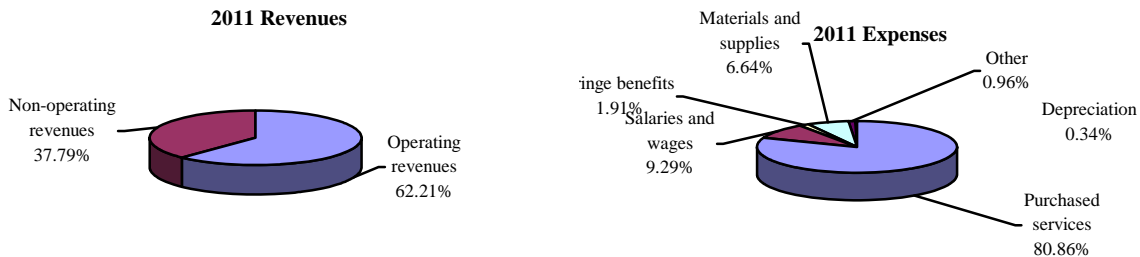
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

Change in Net Assets		
	<u>2011</u>	<u>2010</u>
<u>Operating Revenues:</u>		
State foundation	\$ 1,034,140	\$ 807,965
Charges for services	2,845	4,060
Other revenues	<u>24,059</u>	<u>38,741</u>
Total operating revenue	<u>1,061,044</u>	<u>850,766</u>
<u>Operating Expenses:</u>		
Salaries and wages	140,289	-
Fringe benefits	28,896	-
Purchased services	1,221,326	1,048,943
Materials and supplies	100,303	26,762
Other	14,435	9,412
Depreciation	<u>5,133</u>	<u>58,178</u>
Total operating expenses	<u>1,510,382</u>	<u>1,143,295</u>
<u>Non-operating revenues (expenses):</u>		
Federal, state and local grants	639,593	251,144
Loss on disposal of capital assets	(62,941)	-
Interest income	<u>4,897</u>	<u>9,027</u>
Total non-operating revenues (expenses)	<u>581,549</u>	<u>260,171</u>
Change in net assets	132,211	(32,358)
Net assets at the beginning of the year	<u>949,121</u>	<u>981,479</u>
Net assets at the end of the year	<u>\$ 1,081,332</u>	<u>\$ 949,121</u>

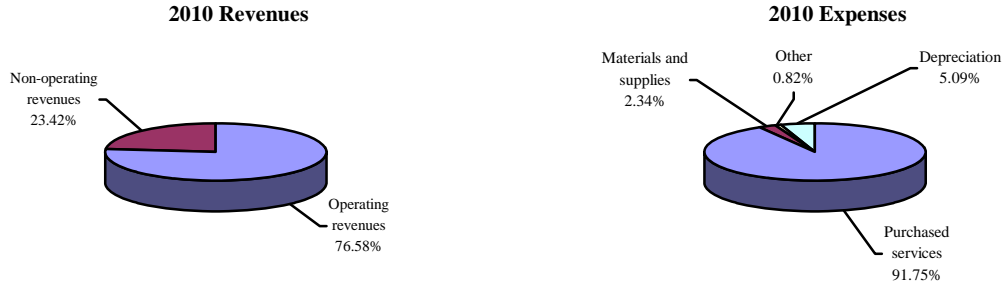
Operating revenues increased \$210,278 or 24.72% due to an increase in state foundation revenue. This increase was the result of an increase in student enrollment during the year. Operating expenses increased \$367,087 or 32.11%. This was due to employee related costs (salaries and wages and fringe benefits) due to the hiring of employees as well as increased costs associated with professional and technical services. Federal, state and local grants increased primarily due to the Education Jobs grant received by the Academy during fiscal year 2011.

The charts below illustrate the revenues and expenses for the Academy for fiscal year 2011 and 2010.



**ACADEMIC ACCELERATION ACADEMY
FRANKLIN COUNTY**

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



Capital Assets

At June 30, 2011, the Academy had \$30,873 invested in computers and equipment. See Note 6 in the notes to the basic financial statements for more detail on capital assets.

**Capital Assets at June 30
(Net of Depreciation)**

	Governmental Activities	
	2011	2010
Computers and equipment	\$ 30,873	\$ 98,947

Current Financial Related Activities

The Academy is sponsored by the Columbus Public School District. The Academy relies primarily on the State Foundation funds and federal and state operating grants.

In order to continually provide learning opportunities to the Academy's students, the Academy will apply resources to best meet the needs of its students. It is the intent of the Academy to apply for State and Federal funds that are made available to finance its operations.

Contacting the Academy's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Academy's finances and to show the Academy's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Arlene Wilson, Treasurer, Charter School Specialists, 40 Hill Road South, Pickerington, OH 43147.

**ACADEMIC ACCELERATION ACADEMY
FRANKLIN COUNTY**

**STATEMENT OF NET ASSETS
JUNE 30, 2011**

Assets:

Current assets:

Equity in pooled cash and cash equivalents	\$	719,208
Investments		153,293
Receivables:		
Accrued interest.		104
Intergovernmental.		242,888
Prepayments		863
		1,116,356
Total current assets		1,116,356

Non-current assets:

Depreciable capital assets, net		30,873
Total non-current assets.		30,873
Total assets.		1,147,229

Liabilities:

Accounts payable.		3,251
Accrued wages and benefits		21,846
Pension obligation payable.		6,835
Intergovernmental payable		33,965
		65,897
Total liabilities		65,897

Net assets:

Invested in capital assets		30,873
Restricted for:		
State funded programs		11,150
Federally funded programs		121,435
Unrestricted.		917,874
		917,874
Total net assets	\$	1,081,332

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ACADEMIC ACCELERATION ACADEMY
FRANKLIN COUNTY**

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

Operating revenues:	
State foundation	\$ 1,034,140
Sales/charges for services.	2,845
Other revenues	24,059
Total operating revenues	<u>1,061,044</u>
Operating expenses:	
Salaries and wages.	140,289
Fringe benefits.	28,896
Purchased services.	1,221,326
Materials and supplies	100,303
Other operating expenses	14,435
Depreciation	5,133
Total operating expenses.	<u>1,510,382</u>
Operating loss	<u>(449,338)</u>
Non-operating revenues (expenses):	
Federal, state and local grants	639,593
Interest income	4,897
Loss on disposal of capital assets	(62,941)
Total nonoperating revenues (expenses)	<u>581,549</u>
Change in net assets.	132,211
Net assets at beginning of year	<u>949,121</u>
Net assets at end of year.	<u>\$ 1,081,332</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ACADEMIC ACCELERATION ACADEMY
FRANKLIN COUNTY**

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

Cash flows from operating activities:	
Cash received from state foundation	\$ 1,009,983
Cash received from sales/charges for services.	2,845
Cash received from other operations	24,059
Cash payments for salaries and wages.	(118,443)
Cash payments for fringe benefits	(21,311)
Cash payments for purchased services	(1,237,397)
Cash payments for materials and supplies	(100,518)
Cash payments for other expenses	(14,435)
	(455,217)
Net cash used in operating activities	(455,217)
Cash flows from noncapital financing activities:	
Federal, state and local grants	516,561
Net cash provided by noncapital financing activities.	516,561
Cash flows from investing activities:	
Interest received	5,047
Purchase of investments	(153,293)
Maturity of investments	191,028
	42,782
Net cash provided by investing activities	42,782
Net increase in cash and cash cash equivalents	104,126
Cash and cash equivalents at beginning of year	615,082
Cash and cash equivalents at end of year	\$ 719,208
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss.	\$ (449,338)
Adjustments:	
Depreciation	5,133
Changes in assets and liabilities:	
(Increase) in intergovernmental receivable	(3,385)
Decrease in prepayments	115
(Decrease) in accounts payable.	(9,756)
Increase in accrued wages and benefits	21,846
(Decrease) in intergovernmental payable	(26,667)
Increase in pension obligation payable	6,835
	(455,217)
Net cash used in operating activities	\$ (455,217)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**ACADEMIC ACCELERATION ACADEMY
FRANKLIN COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 - DESCRIPTION OF THE ACADEMY AND REPORTING ENTITY

The Academic Acceleration Academy (the "Academy") is a nonprofit corporation established by Ohio Revised Code Chapters 3314 and 3314.03 to establish a new conversion school in Columbus City Schools (the "Sponsor"). The Academy is designed to serve high school students who are over-aged for their grade placement for participation in an intensive program to accelerate graduation from high school and transition to an appropriate post secondary placement. The Academy, which is part of the State's education program, is nonsectarian in its programs, admission policies, employment practices and all other operations. The Academy is an approved tax-exempt organization under Section 501 (c)(3) of the Internal Revenue Code and management is not aware of any course of action or series of events that have occurred that might adversely affect their tax exempt status. The Academy may sue or be sued, acquire facilities as needed, and contract for any services necessary for the operation of the Academy.

The Academy was certified by the State of Ohio Secretary of State as a non-profit organization on March 7, 2006. The Academy was approved for operation under a contract with the Sponsor for five years commencing July 1, 2006 and continuing through June 30, 2011. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration. Charter School Specialists, LLC ("CSS") serves as the fiscal agent for the Academy (See Note 8). The Academy served 181 students during fiscal year 2011 and was the 771st largest by enrollment among the 918 public school districts and community schools in the State.

The Academy operates under the direction of a seven-member Board of Directors which consists of individuals who represent the interests of the parents served by the Academy.

The Sponsor, under a purchased services basis with the Academy, provides planning, instructional, administrative and technical services. Certified personnel providing services to the Academy on behalf of the Sponsor under the purchased services basis are considered employees of the Sponsor, and the Sponsor is solely responsible for all payroll functions (See Note 8).

During fiscal year 2011, the Academy had a personnel agreement with the Charter School Specialists, LLC ("CSS"). Under this agreement, non-certificated personnel providing services to the Academy on behalf of CSS under the purchased service basis are considered employees of CSS, and CSS is solely responsible for all payroll functions (See Note 8).

Reporting Entity:

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Academy consists of all funds, departments, boards, and agencies that are not legally separate from the Academy. For the Academic Acceleration Academy, this includes instructional activities of the Academy.

Component units are legally separate organizations for which the Academy is financially accountable. The Academy is financially accountable for an organization if the Academy appoints a voting majority of the organization's Governing Board and (1) the Academy is able to significantly influence the programs or services performed or provided by the organization; or (2) the Academy is legally entitled to or can otherwise access the organization's resources; the Academy is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Academy is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Academy in that the Academy approves the budget and issuance of debt. The Academy has no component units.

**ACADEMIC ACCELERATION ACADEMY
FRANKLIN COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

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 assets. Statement of revenues, expenses and changes in net assets present increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. Budgetary Process

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Section 5705, unless specifically provided in the Academy's contract with its Sponsor, except for Ohio Revised Code Section 5705.391 as it relates to five year forecasts and spending plans. 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 Revised Code Section 5705.

D. Cash and Investments

Cash received by the Academy is maintained in demand deposit accounts.

During fiscal year 2011, investments were limited to investments in non-negotiable certificates of deposit. Non-participating investment contracts, such as non-negotiable certificates of deposit, are reported at cost.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the Academy are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

**ACADEMIC ACCELERATION ACADEMY
FRANKLIN COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

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

E. Capital Assets and Depreciation

All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market value on the date donated. During fiscal year 2011, the Academy implemented a capital asset policy that changed the capital asset threshold from \$500 to \$2,000. The Academy does not have any infrastructure. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All capital assets are depreciated. Depreciation is computed using the straight-line method. Equipment consists of computers and equipment is depreciated from three to ten years.

F. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

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

G. Intergovernmental Revenue

The Academy currently participates in the State Foundation Program, American Recovery and Reinvestment Act (ARRA) grants, IDEA VI-B grant, Title I grant, Drug Free School grant, Title II-D, EMIS grant, Education Jobs grant and the America's Promise Alliance grant. Revenues received from the State Foundation Program are recognized as operating revenues in the accompanying financial statements. Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is 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 and local grant revenue for fiscal year 2011 was \$639,593.

H. Accrued Liabilities

The Academy has recognized certain expenses due, but unpaid as of June 30, 2011. These expenses are reported as accrued liabilities in the accompanying financial statements.

I. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in the statement of net assets. These items are reported as assets on the statement of net assets using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

**ACADEMIC ACCELERATION ACADEMY
FRANKLIN COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

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

J. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the Academy. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Academy. All revenues and expenses not meeting this definition are reported as non-operating.

K. Estimates

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

L. Economic Dependency

The Academy receives approximately 98% of its operating revenue from the Ohio Department of Education. Due to the significance of this revenue source, the Academy is considered to be economically dependent on the State of Ohio Department of Education.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles

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

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

GASB Statement No. 59 updates and improves guidance for financial reporting and disclosure requirements of certain financial instruments and external investment pools. The implementation of GASB Statement No. 58 did not have an effect on the financial statements of the Academy.

NOTE 4 - CASH AND CASH EQUIVALENTS

Deposits with Financial Institutions

At June 30, 2011, the carrying amount of all Academy deposits, including \$153,540 of nonnegotiable certificates of deposit, was \$872,501. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2011, all of the Academy's bank balance of \$1,079,876 was covered by the Federal Deposit Insurance Corporation.

**ACADEMIC ACCELERATION ACADEMY
FRANKLIN COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 5 - RECEIVABLES

At June 30, 2011, receivables consisted of accrued interest receivable and intergovernmental receivables. The receivables are expected to be collected in full within one year. A summary of the receivables follows:

	Amount
Intergovernmental receivables:	
Title II-D	\$ 1,712
Safe and drug free schools	177
IDEA Part-B	18,139
Title I	48,203
Title I ARRA	36,093
IDEA Part-B ARRA	10,215
Improving teacher quality	7,265
School Improvement ARRA	58,367
Payment from SERS	969
Payment from ODE	2,416
Education jobs	59,332
Total intergovernmental receivables	\$ 242,888
Accrued interest receivable	104
Total receivables	\$ 242,992

NOTE 6 - CAPITAL ASSETS

During fiscal year 2011, the District increased their capitalization threshold from \$500 to \$2,000. Capital assets and the related accumulated depreciation report that do not meet the new threshold have been reported as "reductions" in the schedule below. Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Balance 6/30/2010	Additions	Reductions	Balance 6/30/2011
Equipment	\$ 234,589	\$ -	\$ (180,446)	\$ 54,143
Less: accumulated depreciation	(135,642)	(5,133)	117,505	(23,270)
Net capital assets	\$ 98,947	\$ (5,133)	\$ (62,941)	\$ 30,873

NOTE 7 - PURCHASED SERVICES

For the fiscal year ended June 30, 2011, purchased services expenses were as follows:

Professional and technical services	\$ 1,121,486
Property services	12,063
Travel milage/meetings	370
Communications	20,195
Utilities	19,676
Other purchased services	47,536
Total	\$ 1,221,326

**ACADEMIC ACCELERATION ACADEMY
FRANKLIN COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 8 - SERVICE AGREEMENTS

A. Charter School Specialists, LLC

The Academy entered into a service contract with Charter School Specialists, LLC (CSS), for a period of twelve months commencing July 1, 2010, to provide fiscal, student data, and Comprehensive Continuous Planning (CCP) consulting services. The School paid CSS \$29,975 in service fees for fiscal year 2011.

B. Columbus City Schools Public School District

The Community School Sponsorship Contract between the Academy and Columbus City Schools (the "Sponsor") outlined the specific payments to be made by the Academy to the Sponsor during fiscal year 2011.

Under the Community School Sponsorship Contract, the Academy agrees to pay the following:

1. The Academy shall annually pay to the Sponsor from the funding provided by the Ohio Department of Education pursuant to Section 3314.08 of the Ohio Revised Code, 3% of the receipts calculated against the state foundation formula. The schedule for such payments shall be as mutually agreed by the parties, and the amount of such payments may be varied by mutual agreement parties.
2. In the event that the Sponsor provides special education and related services required by a student's IEP, the Academy shall pay to the Sponsor the funds received by the Academy from the Department of Education.
3. The Academy shall pay the Sponsor such other amounts as are mutually agreed, including fees for any services provided to the Academy by the Sponsor.
4. Upon the dissolution of the Academy, any assets remaining shall be conveyed to the Sponsor.

During the fiscal year ended June 30, 2011, the Academy made payments of \$382,985 to the Sponsor, which includes the 3 percent fee plus the Academy's reimbursement for payroll and benefit expenditures of certificated personnel.

Furthermore, the Academy and Sponsor have entered into a lease agreement for a school building. The Academy has agreed to pay the Sponsor \$2 annually for this lease.

NOTE 9 - RISK MANAGEMENT

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to contracted personnel; and natural disasters. For fiscal year 2011, the Academy had general liability insurance through Wells Fargo Insurance Services of Ohio, LLC.

Settled claims have not exceeded commercial coverage in the past year. There was no significant reduction in coverage from the prior fiscal year.

**ACADEMIC ACCELERATION ACADEMY
FRANKLIN COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 10 - CONTINGENCIES

A. Grants

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

B. State Foundation Funding

The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. As a result of the review after fiscal year end, the Academy is owed \$2,416 from the Ohio Department of Education. This amount is reflected as an intergovernmental receivable on the basic financial statements.

NOTE 11 - PENSION PLANS

A. School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the Academy is required to contribute at an actuarially determined rate. The current Academy rate is 14 percent of annual covered payroll. A portion of the Academy's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2011, 11.77 percent and 0.04 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The Academy's required contributions for pension obligations and death benefits to SERS for the fiscal year ended June 30, 2011 were \$551; 100 percent has been contributed for fiscal year 2011. Prior to fiscal year 2011, the Academy was not the employer on record for these employees; therefore no contributions were required for 2010 and 2009.

**ACADEMIC ACCELERATION ACADEMY
FRANKLIN COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 11 - PENSION PLANS (Continued)

B. State Teachers Retirement System of Ohio

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

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

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

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

The Academy's required contributions for pension obligations to STRS Ohio for the fiscal year ended June 30, 2011 were \$14,791; 100 percent has been contributed for fiscal year 2011. Prior to fiscal year 2011, the Academy was not the employer on record for these employees; therefore no contributions were required for 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were \$290 made by the plan members.

**ACADEMIC ACCELERATION ACADEMY
FRANKLIN COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 12 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

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

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

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

The Academy's contributions for health care (including surcharge) for the fiscal year ended June 30, 2011 were \$67; 100 percent has been contributed for fiscal year 2011. Prior to fiscal year 2011, the Academy was not the employer on record for these employees; therefore no contributions were required for 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2011, this actuarially required allocation was 0.76 percent of covered payroll. The Academy's contributions for Medicare Part B for the fiscal year ended June 30, 2011 were \$35; 100 percent has been contributed for fiscal year 2011. Prior to fiscal year 2011, the Academy was not the employer on record for these employees; therefore no contributions were required for 2010 and 2009.

**ACADEMIC ACCELERATION ACADEMY
FRANKLIN COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 12 - POSTEMPLOYMENT BENEFITS - (Continued)

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The Academy's contributions for health care for the fiscal year ended June 30, 2011 were \$1,138; 100 percent has been contributed for fiscal year 2011. Prior to fiscal year 2011, the Academy was not the employer on record for these employees; therefore no contributions were required for 2010 and 2009.

NOTE 13 – SUBSEQUENT EVENT

The Academy's sponsorship contract with the Columbus City School District expired on June 30, 2011. The Academy has entered into a two-year sponsorship agreement with the Educational Service Center of Central Ohio effective July 1, 2011.

**ACADEMIC ACCELERATION ACADEMY
FRANKLIN COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2011**

Federal Grantor/ Pass Through Grantor Program Title	Grant Year	Federal CFDA Number	Receipts	Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education:</i>				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	2010	84.010	\$ 750	\$ -
Title I Grants to Local Educational Agencies	2011	84.010	203,305	218,610
ARRA Title I Grants to Local Educational Agencies	2011	84.389	130,251	157,954
<i>Total Title I, Part A Cluster</i>			<u>334,306</u>	<u>376,564</u>
Special Education Cluster:				
Special Education Grants to States	2011	84.027	18,460	21,572
ARRA Special Education Grants to States	2011	84.391	9,104	19,318
ARRA Special Education Grants to States	2010	84.391	8	-
<i>Total Special Education Cluster</i>			<u>27,572</u>	<u>40,890</u>
School Improvement Grants Cluster				
School Improvement Grants	2011	84.377	60,000	60,000
ARRA School Improvement Grants	2011	84.388	-	50,000
<i>Total School Improvement Grants Cluster</i>			<u>60,000</u>	<u>110,000</u>
Education Technology State Grants	2011	84.318	65	1,777
Improving Teacher Quality State Grants	2011	84.367	1,997	9,324
State Fiscal Stabilization Funds, Education State Grants (ARRA)	2011	84.394	87,261	87,621
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>511,201</u>	<u>626,176</u>
TOTALS			<u>\$ 511,201</u>	<u>\$ 626,176</u>

The accompanying notes to this schedule are an integral part of this schedule.

**ACADEMIC ACCELERATION ACADEMY
FRANKLIN COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2011**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Academic Acceleration Academy, Franklin County, Ohio (the Academy's) federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.



Dave Yost • Auditor of State

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

Academic Acceleration Academy
Franklin County
1990 Jefferson Avenue
Columbus, Ohio 43211

To the Board of Directors:

We have audited the basic financial statements of the Academic Acceleration Academy, Franklin County, Ohio (the Academy) as of and for the year ended June 30, 2011, and have issued our report thereon dated March 15, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Academy's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2011-001.

We also noted certain matters not requiring inclusion in this report that we reported to the Academy's management in a separate letter dated March 15, 2012.

The Academy's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Academy's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, the finance committee, Columbus City School District, federal awarding agencies and pass-through entities, and others within the Academy. We intend it for no one other than these specified parties.



Dave Yost
Auditor of State

March 15, 2012



Dave Yost • Auditor of State

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

Academic Acceleration Academy
Franklin County
1990 Jefferson Avenue
Columbus, Ohio 43211

To the Board of Directors:

Compliance

We have audited the compliance of the Academic Acceleration Academy, Franklin County, Ohio (the Academy) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Academy's major federal program for the year ended June 30, 2011. The *summary of auditor's results* section of the accompanying schedule of findings identifies the Academy's major federal program. The Academy's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the Academy's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to 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*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Academy's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Academy's compliance with these requirements.

In our opinion, the Academic Acceleration Academy, Franklin County, Ohio complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2011.

Internal Control Over Compliance

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

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 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 compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the Academy's management in a separate letter dated March 15, 2012.

We intend this report solely for the information and use of the finance committee, management, the Board of Directors, the Columbus City School District, others within the Academy, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Dave Yost
Auditor of State

March 15, 2012

ACADEMIC ACCELERATION ACADEMY
FRANKLIN COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2011

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	ARRA/Title I, Part A Cluster (CFDA #84.010 & 84.389)
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

FINDING NUMBER 2011-001

Timesheet Errors – Finding for Recovery Repaid Under Audit

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. **Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper Public Purpose** states that the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

**ACADEMIC ACCELERATION ACADEMY
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2011
(Continued)**

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2011-001 (Continued)

Timesheet Errors – Finding for Recovery Repaid Under Audit (Continued)

The Academic Acceleration Academy only employs part-time employees. Time worked is documented on manual timesheets, which are signed by the employee and the Chief Academic Officer prior to being entered into the payroll system. The timesheets are manually prepared by the employee and are not recalculated by another employee of the Academy for accuracy.

Calculation errors totaling a net amount of \$225 in overpayments were found to exist on the timesheets for payroll checks issued between September 2010 and January 2011 for former employee Kathy Moore. There was no indication that the Academy's board approved the overpayments. Further, there was no documentation supporting that the overpayments were for an otherwise proper public purpose.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex. Rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att'y Gen. No. 80-074.

Chief Academic Officer Brian Terrell approved the timesheets and Treasurer Arlene Wilson signed the warrants resulting in improper payments. Accordingly, Brian Terrell, Arlene Wilson, and their bonding company, Ohio Casualty Insurance Company will be jointly and severally liable in the amount of \$210 in favor of the General Fund and \$15 in favor of the ARRA Title I fund.

In accordance with the foregoing facts and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public monies illegally expended is issued against Kathy Moore, Brian Terrell, Arlene Wilson, and Ohio Casualty Insurance Company, jointly and severally, in the amount of \$225. Of this amount \$210 is in favor of the Academy's General Fund and \$15 is in favor of the Academy's ARRA Title I Fund.

On March 12, 2012 Kathy Moore repaid the Academy \$225.

Officials Response:

The Academy has implemented procedures for recalculation of employee timesheets to ensure their accuracy. All timesheets are now recalculated by the Chief Academic Officer's Secretary; once reviewed, she initials the timesheets to evidence her recalculation. We believe this internal control will fully resolve this issue.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None

**ACADEMIC ACCELERATION ACADEMY
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-001	Material Non-Compliance/Significant Deficiency – Accounting for Student Enrollment – Student files were deficient.	Yes	

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

Academic Acceleration Academy
Franklin County
1990 Jefferson Avenue
Columbus, Ohio 43211

To the Board of Directors:

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

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

1. We noted the Academy amended its anti-harassment policy at its meeting on February 16, 2012 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

This report is intended solely for the information and use of the Board and the Columbus City School District and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

March 15, 2012

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Dave Yost • Auditor of State

ACADEMIC ACCELERATION 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
MARCH 29, 2012**