



Dave Yost • Auditor of State

**CELERITY TENACIA CHARTER SCHOOL
FRANKLIN COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Celerity Tenacia Charter School
Franklin County
4605 Hilton Corporate Drive
Columbus, Ohio 43232

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Celerity Tenacia Charter School, Franklin County, Ohio (the School), as of and for the year ended June 30, 2014, 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Celerity Tenacia Charter School, Franklin County, Ohio, as of June 30, 2014, and the change in financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2015, 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

June 29, 2015

**CELERITY TENACIA CHARTER SCHOOL
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED**

The management's discussion and analysis of Celerity Tenacia Charter School's (the "School's") financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the School's financial performance.

Certain comparative information between the current fiscal year and the prior fiscal year is required to be presented in the Management's Discussion & Analysis. However, because this is the first fiscal year of existence of the School, comparative prior fiscal year information does not exist. Subsequent reports will include the comparative information.

Financial Highlights

Key financial highlights for 2014 are as follows:

- The School had a deficit net position of \$309,309 at June 30, 2014.
- The School had operating revenues of \$380,243, operating expenses of \$711,801, non-operating revenues of \$25,864 and non-operating expenses of \$3,615 during the first year of operation.

Using this Annual Financial Report

This annual report consists of three parts, management's discussion and analysis, the basic financial statements and the notes to the financial statements. The basic financial statements include a statement of net position, a statement of revenues, expenses and change in net position and a statement of cash flows. These statements are organized so the reader can understand the School's financial activities. The statement of net position and statement of revenues, expenses and change in net position provide information about the activities of the School, including all short-term and long-term financial resources and obligations.

Reporting the School's Financial Activities

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

These documents look at all financial transactions to determine how well the School has performed financially through June 30, 2014. These statements include all assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting 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 School's *net position* and change in that position. This change in net position tells the reader whether, for the School's as a whole, 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.

**CELERITY TENACIA CHARTER SCHOOL
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED**

The statement of cash flows provides information about how the School finances and meets the cash flow needs of its operations.

The table below provides a summary of the School's net position for fiscal year 2014.

**Table 1
Net Position at June 30**

	<u>2014</u>
Assets	
Current and Other Assets	<u>\$ 22,414</u>
Liabilities	
Current Liabilities	46,476
Non-Current Liabilities	<u>285,247</u>
Total Liabilities	<u>331,723</u>
Net Position	
Unrestricted	<u>\$ (309,309)</u>

Over time, net position can serve as a useful indicator of the School's financial position. At June 30, 2014, the School had a deficit net position of \$309,309 in its first year of operations.

Current assets represent cash and intergovernmental receivables from federal grants. Current liabilities consist of accounts payable and intergovernmental payables resulting from the State funding review conducted for fiscal year 2014. (See Note 8C to the basic financial statements). Non-current liabilities consist of cash flow assistance from Celerity Global Development. These expenses have been recognized in the current year, resulting in the negative net position balance.

The statement of revenues, expenses, and changes in net position report operating and non-operating activities for the fiscal year ended June 30, 2014. The table on the following page provides a summary of the School's statement of revenues, expenses and changes in net position for the fiscal year ended June 30, 2014.

**CELERITY TENACIA CHARTER SCHOOL
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED**

**Table 2
Change in Net Position**

	<u>2014</u>
Operating Revenues	
Foundation	\$ 373,453
State Distributed Casino Revenue	<u>6,790</u>
<i>Total Operating Revenues</i>	<u>380,243</u>
Operating Expenses	
Fringe Benefits	39,096
Purchased Services	629,260
Materials and Supplies	18,719
Capital Outlay	0
Other	<u>24,726</u>
<i>Total Operating Expenses</i>	<u>711,801</u>
<i>Operating Income (Loss)</i>	(331,558)
Non-Operating Revenues (Expenses)	
Grants	25,864
Interest and Fiscal Charges	<u>(3,615)</u>
<i>Total Non-Operating Revenues (Expenses)</i>	<u>22,249</u>
<i>Change in Net Position</i>	(309,309)
<i>Net Position Beginning of Year</i>	0
<i>Net Position End of Year</i>	<u>\$ (309,309)</u>

The revenue generated by community schools is heavily dependent upon per-pupil allotment given by the State Foundation program. Foundation payments were 92 percent of total operating and non-operating revenues during fiscal year 2014. Purchased services comprise 88 percent of operating expenses.

The School's grants consisted of the United States Department of Agriculture (USDA) nutrition program. Purchased service expenditures included the cost of educational services including personnel provided by the Sponsor, contracted food services, student transportation and other professional services.

Capital Assets

The School had no capital assets as of June 30, 2014.

**CELERITY TENACIA CHARTER SCHOOL
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED**

Long-Term Note

As of June 30, 2014, Celerity Global Development lent \$285,247 in cash flow assistance to the School, payable in fiscal year 2018. See Note 7 for additional information.

Current Financial Related Activities

The mission of the Celerity Tenacia Charter School is to impact the lives of our students in a positive, safe, and supportive manner by teaching them the core values of teamwork, accountability, discipline, and respect for themselves and others. Fiscal year 2014 is the School's first year of operations as a conversion school serving children grades K-8.

The primary challenge today is the uncertainty of future funding. The fluctuation of the community school funding method, which bases monthly foundation payments on daily enrollment records of our students, make it a constant challenge to meet the needs of the School.

Pursuant to a Sponsorship Agreement, the North Central Ohio ESC (NCOESC) is the fiscal agent of the School and provides the fiscal officer to the school. All personnel are employed by Celerity Ohio. In addition, the Sponsor reserves the right to provide such additional local resources as are necessary to reasonably ensure the operational viability of the School, including but not limited to: staff, equipment, instructional materials, curriculum, transportation, insurance coverage, and educational strategies as determined to be appropriate by the Sponsor, in the Sponsor's sole discretion.

Contacting the School's Financial Management

This financial report is designed to provide a general overview of the Celerity Tenacia Charter School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mandy G. France, Treasurer, Celerity Tenacia Charter School, Fiscal Office, 4605 Hilton Corporate Drive, Columbus, Ohio 43232.

CELERITY TENACIA CHARTER SCHOOL
FRANKLIN COUNTY, OHIO

STATEMENT OF NET POSITION
JUNE 30, 2014

Assets

Current Assets

Cash	\$	19,424
Intergovernmental Receivable		2,990

<i>Total Assets</i>		<u>22,414</u>
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Liabilities

Current Liabilities

Accounts Payable		39,305
Intergovernmental Payable		3,556
Accrued Interest Payable		3,615

<i>Total Current Liabilities</i>		<u>46,476</u>
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Non-Current Liabilities

Due in More Than One Year		<u>285,247</u>
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<i>Total Liabilities</i>		<u>331,723</u>
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Net Position

Unrestricted		<u>(309,309)</u>
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<i>Total Net Position</i>	\$	<u>(309,309)</u>
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See accompanying notes to the basic financial statements.

**CELERITY TENACIA CHARTER SCHOOL
FRANKLIN COUNTY, OHIO**

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

Operating Revenues	
Foundation	\$ 373,453
State Distributed Casino Revenue	6,790
<i>Total Operating Revenues</i>	<u>380,243</u>
Operating Expenses	
Fringe Benefits	39,096
Purchased Services	629,260
Materials and Supplies	18,719
Other	24,726
<i>Total Operating Expenses</i>	<u>711,801</u>
<i>Operating Income (Loss)</i>	<u>(331,558)</u>
Non-Operating Revenues (Expenses)	
Grants	25,864
Interest and Fiscal Charges	(3,615)
<i>Total Non-Operating Revenues (Expenses)</i>	<u>22,249</u>
<i>Change in Net Position</i>	(309,309)
<i>Net Position Beginning of Year</i>	<u>0</u>
<i>Net Position End of Year</i>	<u>\$ (309,309)</u>

See accompanying notes to the basic financial statements.

**CELERITY TENACIA CHARTER SCHOOL
FRANKLIN COUNTY, OHIO**

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

Cash Flows from Operating Activities:	
Cash Received from State Foundation	\$ 373,453
Cash Received from Casino Revenue	6,790
Cash Payments for Fringe Benefits	(35,540)
Cash Payments for Contractual Services	(425,208)
Cash Payments for Materials and Supplies	(18,719)
Cash Payments for Other Expenses	(24,726)
	<hr/>
<i>Net Cash (Used for) Operating Activities</i>	<i>(123,950)</i>
	<hr/>
Cash Flows from Noncapital Financing Activities:	
Cash Received from State and Federal Grants	22,874
Proceeds from Non-Current Liabilities	120,500
	<hr/>
<i>Net Cash Provided by Noncapital Financing Activities</i>	<i>143,374</i>
	<hr/>
<i>Net Increase in Cash</i>	<i>19,424</i>
<i>Cash at Beginning of Year</i>	<i>0</i>
	<hr/>
<i>Cash at End of Year</i>	<i>\$ 19,424</i>
	<hr/> <hr/>
Reconciliation of Operating (Loss) to Net Cash (Used for) Operating Activities:	
Operating (Loss)	\$ (331,558)
Changes in Assets and Liabilities:	
Increase in Accounts Payable	39,305
Increase in Intergovernmental Payable	3,556
Increase in Non-Current Liability*	164,747
	<hr/>
<i>Net Cash (Used for) Operating Activities</i>	<i>\$ (123,950)</i>
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*See Note 7 for additional details.

See accompanying notes to the basic financial statements.

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**CELERITY TENACIA CHARTER SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 - DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

The Celerity Tenacia Charter School (the "School") is a non-profit corporation established pursuant to the Ohio Revised Code Chapters 1702 and 3314 to address the needs of students in grades K-8. The School is nonsectarian in its programs, admission policies employment practices and all other operations. The School may sue and be sued, acquire facilities as needed and contract for any services necessary for the operation of the School.

The School was approved for sponsorship under contract resolution on April 23, 2013, with North Central Ohio Educational Service Center (the "Sponsor") for a period of five years commencing on July 1, 2013 and ending June 30, 2018.

Pursuant to the Sponsor's authority under Section 3314.08(G) of the Ohio Revised Code to provide the School with services. The Sponsor shall assign a state licensed treasurer as the treasurer of record for the School. The Sponsor shall evaluate the performance of the School according to the standards set forth in the Sponsorship Contract. The Sponsor is not legally responsible for the final outcome of the School. The School pays up to a 3 percent sponsorship fee for oversight and monitoring; for fiscal year 2014 the fee was \$11,099.

The Sponsor also serves as the fiscal agent. The Sponsor issues a publicly available, stand-alone financial report. The report may be obtained by writing to the Treasurer of the North Central Ohio ESC, 928 W. Market Street, Tiffin, Ohio 44883.

A service agreement for fiscal year 2014 between the School, the Sponsor, and Charter School Management Coporation (CSMC) was also approved. In accordance with this agreement, the Sponsor shall provide fiscal officer services and CSMC shall provide various bookkeeping services as outlined in the agreement.

The School operates under a five member Board of Directors. The Board is responsible for carrying out the provisions of the contract with the Sponsor.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the School 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 School's significant 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 revenues, expenses and changes in net position, and a statement of cash flows. Enterprise reporting focuses on the determination of the change in net position, financial position and cash flows.

**CELERITY TENACIA CHARTER SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus

The accounting and financial reporting treatment are determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources and all liabilities and deferred inflows of resources are included on the statement of net position. The statements of revenues, expenses and change in net position present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School finances and meets the cash flow needs of its enterprise activities.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the basic financial statements. The School's basic financial statements are prepared using the accrual basis of accounting.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded upon the accrual basis when the exchange takes place.

Nonexchange 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 fiscal 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.

Grants and entitlements received before the eligibility requirements are met are recorded as deferred inflows of resources. Expenses are recognized at the time they are incurred.

D. 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 (with the exception of ORC 5705.391 – Five-Year Forecasts), unless specifically provided in the School's contract with its Sponsor. The contract between the School 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.

E. Cash

Cash held by the School is reflected as "cash" on the statement of net position. Investments with an original maturity of three months or less at the time they are purchased are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months are reported as investments. During fiscal year 2014, the School had no cash equivalents or investments. All monies received by the School are deposited in a demand deposit account.

**CELERITY TENACIA CHARTER SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Capital Assets

All capital assets are capitalized at cost and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their fair market value on the date donated. The School maintains a capitalization threshold of \$1,500. 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. The School has no capital assets.

G. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The School had no restricted net position at June 30, 2014.

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

H. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity. For the School, these revenues are payments from the State Foundation Program and State distributed casino revenues. Operating expenses are necessary costs incurred to provide goods or services that are the primary activities of the School. All revenues and expenses not meeting this definition are reported as non-operating.

I. Intergovernmental Revenue

The School has recently participated in the State Foundation Program through the Ohio Department of Education and the USDA nutrition program. Revenues from the State foundation program are recognized as operating revenue in the accounting period in which all eligibility requirements have been met. The School reported State foundation revenue of \$373,453 in fiscal year 2014. Revenues received from the remaining programs are recognized as non-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 includes 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. Federal and State grant revenue for the fiscal year 2014 was \$25,864.

J. Estimates

The preparation of basic 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.

**CELERITY TENACIA CHARTER SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

NOTE 3 - DEPOSITS

At June 30, 2014, the carrying amount of the School's deposits was \$19,424. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, as of June 30, 2014, the School's entire bank balance of \$27,001 was covered by the Federal Deposit Insurance Corporation (FDIC).

The School had no investments.

NOTE 4 - RECEIVABLES

Intergovernmental receivables consisted of \$2,990 in USDA nutrition grant.

NOTE 5 - PURCHASED SERVICES

For the fiscal year ended June 30, 2014, purchased services expenses were as follows:

Professional and Technical Services	\$ 387,827
Contracted Food Service	36,643
Property Services	16,289
Rentals	90,273
Student Transportation	94,560
Other	<u>3,668</u>
	<u>\$ 629,260</u>

NOTE 6 - RISK MANAGEMENT

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 contracted personnel; and natural disasters. For fiscal year 2014, the School was named as an additional insured party on the Sponsor's insurance policy. The School provides \$25,000 in employee bond coverage for the Treasurer.

NOTE 7 - LONG-TERM LOAN

On February 9, 2014, the School entered into an agreement with Celerity Global Development (CGD) for cash flow assistance. Based on the agreement, CGD agreed to pay invoices provided by the School, after Foundation settlement dollars and any other grants have been exhausted for each month, not to exceed \$600,000 for the fiscal year. As of June 30, 2014, CGD advanced \$120,500 to the School for expenses and paid \$164,747 of incurred School expenses on behalf of the School. The balance of \$285,247 will be repaid in 12 equal monthly installments beginning July 1, 2017.

In fiscal year 2015, the School borrowed an additional \$310,000 from CGD with repayment to be made in 12 equal monthly installments beginning on July 1, 2018.

Interest will be accrued at 3.0 percent on the outstanding balance to be paid on an annual basis beginning June 30, 2014. As of June 30, 2014, the School owed CGD \$3,615 in accrued interest.

**CELERITY TENACIA CHARTER SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

NOTE 8 - CONTINGENCIES

A. Grants

The School 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. The School receives per pupil funding that is reported using the School Options Enrollment System. Each month the Ohio Department of Education uses the student information to adjust and validate the foundation funding of the School based on the current enrollment.

B. Litigation

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

C. 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. The fiscal year 2014 review resulted in a liability of \$3,556 at June 30, 2014. This amount was recorded as an intergovernmental payable and will be paid in fiscal year 2015.

NOTE 9 – PENSION PLANS

A. School Employees Retirement System

Plan Description - The School contributes to the School Employees Retirement System of Ohio ("SERS"), a cost-sharing multiple-employer defined benefit pension plan. 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 state statute per 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 can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under Employers/Audit Resources.

**CELERITY TENACIA CHARTER SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

NOTE 9 – PENSION PLANS (Continued)

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2014, 13.05 percent and 0.05 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 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 School's required contributions for pension obligations and death benefits to SERS for the fiscal year ended June 30, 2014 was \$8,450, 100 percent has been contributed for fiscal year 2014.

B. State Teachers Retirement System

Plan Description - The School 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 publicly-available, stand-alone financial report that may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371, by calling (888) 227-7877, or by visiting the STRS Ohio website 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. 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 of 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 dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

**CELERITY TENACIA CHARTER SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

NOTE 9 – PENSION PLANS (Continued)

Funding Policy - For fiscal year 2014, plan members were required to contribute 11 percent of their annual covered salaries. The School 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 11 percent for members and 14 percent for employer contributions. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School's required contributions for pension obligations to STRS Ohio for the fiscal year ended June 30, 2014 was \$19,964; 100 percent has been contributed for fiscal year 2014.

NOTE 10 – POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description – The School participates in two cost-sharing, multiple employer defined benefit OPEB plans administered by the School Employees Retirement System 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 plan 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 Ohio Revised Code Section 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2014 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50. 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 SERS' website at www.ohsers.org under Employers/Audit Resources.

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 fiscal year 2014, 0.14 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 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 2014, the actuarially determined amount was \$20,250.

**CELERITY TENACIA CHARTER SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

NOTE 10 – POSTEMPLOYMENT BENEFITS (Continued)

Active members do not contribute to the postemployment benefit plans. The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. 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.

The School's contributions for health care (including surcharge) for the fiscal year ended June 30, 2014, was \$85; 100 percent has been contributed for fiscal year 2014.

The Retirement Board, acting with advice of the actuary, allocates a portion of the current employer contribution to the Medicare B Fund. For fiscal year 2014, the actuarially required allocation was 0.76 percent of covered payroll. The School's contributions for Medicare Part B for the fiscal year ended June 30, 2014, were \$459; 100 percent has been contributed for fiscal year 2014.

B. State Teachers Retirement System

Plan Description - The School 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 financial report of STRS. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting www.strsoh.org or by requesting a copy by calling toll-free (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 fiscal year 2014, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School's contributions for health care for the fiscal year ended June 30, 2014, were \$1,536; 100 percent has been contributed for fiscal year 2014.

NOTE 11 – DONATED SERVICES

The School received donated services from Celerity Global Development for personnel services and Celerity Development, LLC for rent reduction. The estimated value of these services for the fiscal year ended June 30, 2014 amounts to approximately \$77,358 and \$90,000, respectively.



Dave Yost • Auditor of State

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

Celerity Tenacia Charter School
Franklin County
4605 Hilton Corporate Drive
Columbus, Ohio 43232

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Celerity Tenacia Charter School, Franklin County, Ohio, (the School) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated June 29, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Dave Yost
Auditor of State
Columbus, Ohio

June 29, 2015



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Celerity Tenacia Charter School
Franklin County
333 East Center Street
Marion, Ohio 43302

To the Board of Directors:

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on February 9, 2014.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property, on a school bus, or at school-sponsored events and expressly providing for the possibility of suspension of a student found responsible for harassment, intimidation, or bullying by an electronic act;
 - (2) A definition of harassment, intimidation, or bullying that shall include the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - (3) A procedure for reporting prohibited incidents;
 - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - (5) A requirement that the custodial parent or guardian of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;

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- (6) A procedure for documenting any prohibited incident that is reported;
- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim or other person from new or additional harassment, intimidation, or bullying, and from retaliation following a report, including a means by which a person may report an incident anonymously;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (10) A statement prohibiting students from deliberately making false reports of harassment, intimidation, or bullying and a disciplinary procedure for any student responsible for deliberately making a false report of that nature;
- (11) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

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

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



Dave Yost
Auditor of State
Columbus, Ohio

June 29, 2015



Dave Yost • Auditor of State

CELERITY TENACIA CHARTER SCHOOL

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
JULY 28, 2015**