

**THE OHIO ACHIEVEMENT CHARTER SCHOOLS, INC.  
FRANKLIN COUNTY, OHIO**

**(DBA MILLENNIUM COMMUNITY SCHOOL)**

**Single Audit**

**For the Fiscal Year Ended June 30, 201(**







# Dave Yost • Auditor of State

Board of Directors  
Ohio Achievement Charter Schools, Inc.  
DBA Millennium Community School  
3500 Refugee Road  
Columbus, Ohio 43232

We have reviewed the *Independent Auditor's Report* of the Ohio Achievement Charter Schools, Inc. DBA Millennium Community School, Franklin County, prepared by Kennedy Cottrell Richards LLC, for the audit period July 1, 2013 through June 30, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Ohio Achievement Charter Schools, Inc. DBA Millennium Community School is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

February 20, 2015

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THE OHIO ACHIEVEMENT CHARTER SCHOOLS, INC.  
FRANKLIN COUNTY, OHIO

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## INDEPENDENT AUDITOR'S REPORT

The Ohio Achievement Charter Schools, Inc.  
DBA Millennium Community School  
Franklin County  
3500 Refugee Road  
Columbus, Ohio 43232

To the Board of Directors:

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

We have audited the accompanying financial statements of the Ohio Achievement Charter Schools, Inc., DBA Millennium Community 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 Ohio Achievement Charter Schools, Inc., DBA Millennium Community School, Franklin County, Ohio as of June 30, 2014, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**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.

*Supplementary and Other Information*

Our audit was conducted to opine on the School's basic financial statements taken as a whole. The Schedule of Federal Award Receipts and Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is not a required part of the financial statements.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2014, 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.



Kennedy Cottrell Richards LLC  
December 23, 2014

# THE OHIO ACHIEVEMENT CHARTER SCHOOLS, INC.

Management's Discussion and Analysis  
For the Year Ended June 30, 2014  
(Unaudited)

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The discussion and analysis of the Ohio Achievement Charter Schools, Inc. (the School) financial performance provides an overall review of the 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 basic financial statements and the notes to the basic financial statements to enhance their understanding of the School's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented, and is presented in the MD&A.

## Financial Highlights

Key financial highlights for the Ohio Achievement Charter Schools, Inc. during fiscal year 2014 are as follows:

- Total net position of the School decreased \$134,742 in fiscal year 2014. Ending net position of the School was \$1,332,499 compared to \$1,467,241 at June 30, 2013.
- Total assets decreased \$202,467 from the prior year and total liabilities decreased by \$67,725 during this same 12 month period.
- The School's operating loss for fiscal year 2014 was \$1,347,658 compared with an operating loss of \$1,064,491 reported for the prior year.

## Using this Financial Report

This financial report contains the basic financial statements of the School, as well as the Management's Discussion and Analysis and notes to the basic financial statements. The basic financial statements include a statement of net position, statement of revenues, expenses and changes in net position and a statement of cash flows. As the School reports its operations using enterprise fund accounting, all financial transactions and accounts are reported as one activity, therefore the entity wide and the fund presentations information is the same.

### *Statement of Net Position*

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

# THE OHIO ACHIEVEMENT CHARTER SCHOOLS, INC.

## Management's Discussion and Analysis

For the Year Ended June 30, 2014

(Unaudited)

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

Table 1 provides a summary of the School's net position for fiscal year 2014 compared to those reported for fiscal year 2013.

Table 1  
Net Position

	<u>2014</u>	<u>2013</u>
Assets:		
Current assets	\$ 1,230,293	\$ 1,426,529
Capital assets, net	<u>544,458</u>	<u>550,689</u>
Total Assets	<u>1,774,751</u>	<u>1,977,218</u>
Liabilities		
Current liabilities	<u>442,252</u>	<u>509,977</u>
Total Liabilities	<u>442,252</u>	<u>509,977</u>
Net Position:		
Net investment in capital assets	544,458	550,689
Restricted	26,438	36,309
Unrestricted	<u>761,603</u>	<u>880,243</u>
Total Net Position	<u>\$ 1,332,499</u>	<u>\$ 1,467,241</u>

Current assets decreased significantly in comparison with the prior fiscal year. This decrease represents the amount in which cash flows used for operations and capital related financing activities exceeded state and federal subsidies.

Total liabilities also decreased significantly due to timing of payments to employees and vendors at year end compared to the prior year.

# THE OHIO ACHIEVEMENT CHARTER SCHOOLS, INC.

## Management's Discussion and Analysis

For the Year Ended June 30, 2014

(Unaudited)

The total net position reported for fiscal year 2014 decreased by \$134,742 to \$1,332,499. Table 2 demonstrates the details of this decrease.

Table 2  
Change in Net Position

	<u>2014</u>	<u>2013</u>
Operating Revenues:		
Foundation payments	\$ 4,496,932	\$ 4,527,259
Other operating revenues	162,832	90,904
Non Operating Revenues:		
Investment earnings	1,171	1,082
State subsidies	8,591	21,321
Federal subsidies	1,146,304	1,465,533
Other non-operating revenues	56,850	48,539
Total Revenues	<u>5,872,680</u>	<u>6,154,638</u>
Operating Expenses:		
Salaries & Wages	2,637,285	2,415,467
Fringe benefits	672,414	722,786
Purchased services	2,095,989	2,115,438
Materials and supplies	318,467	205,268
Depreciation	66,018	64,185
Other	217,249	159,510
Total Expenses	<u>6,007,422</u>	<u>5,682,654</u>
Change in Net Position	(134,742)	471,984
Net Position, beginning of year	<u>1,467,241</u>	<u>995,257</u>
Net Position, end of year	<u>\$ 1,332,499</u>	<u>\$ 1,467,241</u>

Federal subsidies decreased significantly in comparison with the prior fiscal year. This decrease is primarily the result of a decrease in the Title I grant award with less eligible students.

Salaries and Wages increased significantly in comparison with the prior fiscal year. This increase represents an increase in the number and qualifications of classroom teachers and aids in an effort to reduce class sizes and boost student performance.

# **THE OHIO ACHIEVEMENT CHARTER SCHOOLS, INC.**

Management's Discussion and Analysis

For the Year Ended June 30, 2014

(Unaudited)

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## **Capital Assets**

At the end of fiscal year 2014, the School had \$544,458 invested in buildings, leasehold improvements, and furniture, fixtures and equipment, a decrease of \$6,231 in comparison with the prior fiscal year. This decrease represents the amount by which current year depreciation, totaling \$66,018, exceeded current year acquisitions, totaling \$59,787. See Note 5 of the basic financial statements for additional details.

## **Debt**

At June 30, 2014, the School had no debt obligations outstanding. A month-to-month lease for the land associated with the Bostwick building commenced on October 1, 2008. Total rent expense for fiscal year 2014 was \$36,000. See Note 12 of the basic financial statements for additional details.

## **Contacting the School**

This financial report is designed to provide a general overview of the finances of the Ohio Achievement Charter Schools, Inc. and to show the School's accountability for the monies it receives to all vested and interested parties, as well as meeting the annual reporting requirements of the State of Ohio. Any questions about the information contained within this report or requests for additional financial information should be directed to the Treasurer of the Ohio Achievement Charter Schools, Inc., 6640 Poe Avenue, Suite 400, Dayton, Ohio 45414.

**THE OHIO ACHIEVEMENT CHARTER SCHOOLS, INC.**  
**FRANKLIN COUNTY**

STATEMENT OF NET POSITION  
AS OF JUNE 30, 2014

**Assets:**

Current Assets	
Cash and Cash Equivalents	\$ 966,330
Intergovernmental Receivable	187,490
Prepaid Items	76,473
Total Current Assets	<u>1,230,293</u>
Noncurrent Assets	
Capital Assets, Net of Accumulated Depreciation	<u>544,458</u>
Total Noncurrent Assets	<u>544,458</u>
Total Assets	<u><u>\$ 1,774,751</u></u>
<b>Liabilities:</b>	
Current Liabilities	
Accounts Payable	\$ 91,737
Accrued Wages and Benefits Payable	289,071
Intergovernmental Payable	61,444
Total Current Liabilities	<u>442,252</u>
Total Liabilities	<u><u>442,252</u></u>
<b>Net Position:</b>	
Net Investment in Capital Assets	544,458
Restricted	26,438
Unrestricted	761,603
Total Net Position	<u>1,332,499</u>
Total Liabilities and Net Position	<u><u>\$ 1,774,751</u></u>

See accompanying notes to the basic financial statements.

**THE OHIO ACHIEVEMENT CHARTER SCHOOLS, INC.  
FRANKLIN COUNTY**

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

<b>Operating Revenues:</b>	
Foundation Payments	\$ 4,496,932
Other Unrestricted Grants	84,014
Miscellaneous Revenue	78,818
Total Operating Revenues	<u>4,659,764</u>
 <b>Operating Expenses:</b>	
Salaries	2,637,285
Fringe Benefits	672,414
Purchased Services	2,095,989
Materials and Supplies	318,467
Depreciation	66,018
Other	217,249
Total Operating Expenses	<u>6,007,422</u>
 Operating Loss	 <u>(1,347,658)</u>
 <b>Non-Operating Revenues:</b>	
Federal subsidies	1,146,304
State subsidies	8,591
Interest Earnings	1,171
Other	56,850
Total Non-Operating Revenues	<u>1,212,916</u>
 Change in Net Position	 (134,742)
 Net Position Beginning of Year	 <u>1,467,241</u>
Net Position End of Year	<u>\$ 1,332,499</u>

See accompanying notes to the basic financial statements.

**THE OHIO ACHIEVEMENT CHARTER SCHOOLS, INC.**  
**FRANKLIN COUNTY**

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

Cash Flows from Operating Activities:	
Cash Received from Foundation Payments	\$ 4,496,932
Cash Received from Other Unrestricted Grants	95,597
Cash Payments for Personal Services	(3,386,405)
Cash Payments for Purchased Services	(2,126,825)
Cash Payments for Supplies and Materials	(321,642)
Cash Payments for Miscellaneous	(220,916)
Cash Received from Miscellaneous Revenues	78,818
<b>Net Cash Used for Operating Activities</b>	<u>(1,384,441)</u>
Cash Flows from Noncapital Financing Activities:	
Cash Received from Federal and State subsidies	1,239,208
Cash Received from Other Nonoperating Revenue	56,850
<b>Net Cash from Noncapital Financing Activities</b>	<u>1,296,058</u>
Cash Flows from Capital and Related Financing Activities:	
Payments for Capital Acquisitions	(58,987)
<b>Net Cash Used for Capital and Related Financing Activities</b>	<u>(58,987)</u>
Cash Flows from Investing Activities:	
Interest on Cash and Cash Equivalents	1,171
<b>Net Cash Provided by Investing Activities</b>	<u>1,171</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	(146,199)
Cash and Cash Equivalents at Beginning of Year	1,112,529
Cash and Cash Equivalents at End of Year	<u><u>\$ 966,330</u></u>

See accompanying notes to the basic financial statements.

**THE OHIO ACHIEVEMENT CHARTER SCHOOLS, INC.**  
**FRANKLIN COUNTY**

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

Reconciliation of Operating Loss to Net Cash  
Used for Operating Activities:

Operating Loss	\$ (1,347,658)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	66,018
Changes in Assets and Liabilities:	
Accounts Receivable	11,583
Prepaid Items	(2,727)
Intergovernmental Receivable	(43,132)
Accounts Payable	(33,104)
Intergovernmental Payable	(23,777)
Accrued Wages	(11,644)
<b>Net Cash Used for Operating Activities</b>	<b><u>\$ (1,384,441)</u></b>

See accompanying notes to the basic financial statements.

# THE OHIO ACHIEVEMENT CHARTER SCHOOLS, INC.

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

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## 1. Description of the School and Reporting Entity:

The Ohio Achievement Charter Schools, Inc. (the School), is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702 to address the needs of students in kindergarten through eighth grade. The School, which is part of the State's education program, is independent of any school district and is non sectarian in its programs, admission policies, employment practices, and all other operations. The 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 operation under a contract with the Ohio State Board of Education (the Sponsor). The sponsorship contract was subsequently transferred to the Educational Resource Consultants of Ohio (ERCO) when the Ohio State Board of Education was no longer eligible to sponsor community schools. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

The School operates under the direction of a six-member Board of Trustees (the Board). The Board is responsible for carrying out the provisions of the contract, which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Board controls the School's instructional/support facility staffed by 27 non-certified and 67 certificated full time teaching personnel who provide services to 660 students.

## 2. Summary of Significant Accounting Policies:

The financial statements of the School have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental nonprofit organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School's 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, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**THE OHIO ACHIEVEMENT CHARTER SCHOOLS, INC.**

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

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2. Summary of Significant Accounting Policies (Continued):

B. Measurement Focus and Basis of Accounting

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

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. Budgetary Process

Unlike other public schools located in the state of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Section 5705, unless specifically provided in the Schools contract with its Sponsor. The contract between the School and its Sponsor does not prescribe an annual budgetary process for the School.

D. Cash and Cash Equivalents

All monies received by the School are pooled and deposited in a central bank account. All monies of the School are maintained in this account or temporarily used to purchase short term investments.

During the fiscal year, investments were limited to STAR Ohio and repurchase agreements. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2014. Repurchase agreements are valued at cost.

For purposes of the statement of cash flows and for presentation on the balance sheet, investments with a maturity of three months or less at the time they are purchased are considered to be cash equivalents.

**THE OHIO ACHIEVEMENT CHARTER SCHOOLS, INC.**

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

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2. Summary of Significant Accounting Policies (Continued):

E. Capital Assets

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The School does not possess any infrastructure. The School maintains a capitalization threshold of \$500. Improvements are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

<u>Description</u>	<u>Estimate Life</u>
Buildings	50 years
Building Improvements	20 years
Furniture, Fixtures, and Equipment	10 years
Computer Equipment	5 years

F. Deferred Outflows/Inflows of Resources

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

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

G. Estimates

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

**THE OHIO ACHIEVEMENT CHARTER SCHOOLS, INC.**

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

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2. Summary of Significant Accounting Policies (Continued):

H. Intergovernmental Revenues

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

I. Operating and Non-Operating Revenues and Expenses

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

Non-operating revenues and expenses are those that are not generated directly by the School's primary mission. Various federal and state grants, interest earnings, if any, and other miscellaneous revenues comprise the non-operating revenues of the School. Interest and fiscal charges on outstanding obligations, as well as gain or loss on capital asset disposals, if any, comprise the non-operating expenses.

J. Accrued Liabilities Payable

The School has recognized certain liabilities on its statement of net position relating to expenses, which are due but unpaid as of fiscal year-end, including:

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

Intergovernmental payable – payment for the employer's share of the retirement contribution, Medicare and Workers' Compensation associated with services rendered during fiscal year 2014 that were paid in the subsequent fiscal year.

K. Unearned Revenue

If the School receives restricted funds that were not spent by the end of the fiscal year, the amount received is classified as unearned revenue and is carried over to the next fiscal year and repaid if not spent.

**THE OHIO ACHIEVEMENT CHARTER SCHOOLS, INC.**

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

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2. Summary of Significant Accounting Policies (Continued):

L. Federal Tax Exemption Status

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

M. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, less any outstanding capital related debt. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted net position of the School at year-end represents unspent federal and state grant resources for specific instructional programs.

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

3. Deposits and Investments:

Deposits: The carrying value of the School's deposits totaled \$917,411, and the bank balance totaled \$1,077,273. Of the School's bank balance, \$250,000 was covered by the Federal Deposit Insurance Corporation (FDIC), and the remaining balance was exposed to custodial credit risk as discussed below.

Custodial credit risk is the risk that, in the event of bank failure, the School's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School. The School has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School to a successful claim by the FDIC.

Investments of the School as of June 30, 2014 were as follows:

<u>Investments</u>	<u>Fair Value</u>
STAR Ohio	\$ 48,919
Total Investments	<u>\$ 48,919</u>

**THE OHIO ACHIEVEMENT CHARTER SCHOOLS, INC.**

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

3. Deposits and Investments (Continued):

Interest Rate Risk – The School’s investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – The investments in STAR Ohio are rated AAAM by Standard & Poor’s. The School places no limit on the amount that may be invested in any one issuer.

4. Intergovernmental Receivables:

All intergovernmental receivables are considered collectible in full due to the stable condition of State programs. Receivables at June 30, 2014 consisted of federal grants and overpayments to the retirement systems.

5. Capital Assets:

Capital asset activity for the fiscal year ended June 30, 2014 was as follows:

<b>Capital Assets:</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
Buildings	\$ 636,944	\$ -	\$ -	\$ 636,944
Furniture and Equipment	285,873	800	-	286,673
Computer Equipment	133,736	58,987	-	192,723
Vehicles	7,000	-	-	7,000
Total Capital Assets	<u>1,063,553</u>	<u>59,787</u>	<u>-</u>	<u>1,123,340</u>
<b>Less Accumulated Depreciation:</b>				
Buildings	(208,338)	(24,504)	-	(232,842)
Furniture and Equipment	(188,724)	(21,106)	-	(209,830)
Computer Equipment	(115,452)	(19,708)	-	(135,160)
Vehicles	(350)	(700)	-	(1,050)
Total Accumulated Depreciation	<u>(512,864)</u>	<u>(66,018)</u>	<u>-</u>	<u>(578,882)</u>
<b>Net Capital Assets</b>	<u>\$ 550,689</u>	<u>\$ (6,231)</u>	<u>\$ -</u>	<u>\$ 544,458</u>

**THE OHIO ACHIEVEMENT CHARTER SCHOOLS, INC.**

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

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6. Risk Management:

A. Property and Liability

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. For the year ended June 30, 2014, the School contracted with Ohio Casualty Insurance for its insurance coverage as follows:

General Liability (per occurrence)	\$1,000,000
General Liability (aggregate)	\$2,000,000
School Leader Errors and Omissions Liability (per occurrence)	\$1,000,000
School Leader Errors and Omissions Liability (aggregate)	\$1,000,000
Employee Benefits Liability (per employee)	\$1,000,000
Employee Benefits Liability (aggregate)	\$3,000,000
Blanket Employee Dishonesty	\$50,000

There was no significant reduction in coverage from the prior-year. Settlement amounts have not exceeded coverage amounts in each of the past three years.

B. Workers' Compensation

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

7. Defined Benefit 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 and 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. The School Employees Retirement System issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employer/Audit Resources.

## THE OHIO ACHIEVEMENT CHARTER SCHOOLS, INC.

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

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### 7. Defined Benefit Pension Plans (Continued):

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the School is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2014, the allocation to pension and death benefits is 13.10%. The remaining .90% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The School's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2014, 2013, and 2012 were \$76,612, \$91,595 and \$90,651 respectively. The entire amount has been contributed for fiscal years 2012, 2013 and 2014.

#### B. State Teachers Retirement System

Plan Description - The School contributes to the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling toll-free 1-888-227-7877 or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

Plan Options - New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC plan allows members to allocate all their member contributions and employer contributions equal to 10.5% of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

**THE OHIO ACHIEVEMENT CHARTER SCHOOLS, INC.**

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

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7. Defined Benefit Pension Plans (Continued):

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

DC Plan Benefits – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

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

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

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

## THE OHIO ACHIEVEMENT CHARTER SCHOOLS, INC.

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

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### 7. Defined Benefit Pension Plans (Continued):

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

A DB or Combined Plan member with five or more years' credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

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

The School's required contributions for pension obligations for the fiscal years ended June 30, 2014, 2013, and 2012 were \$266,839, \$223,129, and \$206,022, respectively. The entire amount has been contributed for fiscal years 2012 and 2013. For fiscal year 2014, the School has contributed 94% of the required amount. The unpaid contribution has been recorded as a liability.

#### C. Social Security

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System /State Teachers Retirement System. At fiscal year-end, all members of the Board of Education have elected Social Security. The Board's liability is 6.2% of wages paid.

### 8. Post-employment Benefits:

#### a. School Employees Retirement System

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

Medicare Part B Plan – The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 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.

**THE OHIO ACHIEVEMENT CHARTER SCHOOLS, INC.**

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

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8. Post-employment Benefits (Continued):

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2014, the actuarially required allocation is .76%. The School's contributions for the years ended June 30, 2014, 2013 and 2012 were \$4,445, \$5,174, and \$5,353, respectively. The entire amount has been contributed for fiscal years 2012, 2013 and 2014.

Health Care Plan – ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. For the year ended June 30, 2014, the health care allocation is .14%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. State law provides that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the minimum compensation level was established at \$20,250. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School's contributions assigned to health care, including the surcharge, for the years ended June 30, 2014, 2013, and 2012 were \$6,770, \$8,910, and \$18,687, respectively. The entire amount has been contributed for fiscal years 2012, 2013 and 2014.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status. The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

**THE OHIO ACHIEVEMENT CHARTER SCHOOLS, INC.**

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

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8. Post-employment Benefits (Continued):

b. State Teachers Retirement System

Plan Description - The School contributes to the cost-sharing, multiple employer postemployment benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by writing 275 E. Broad St., Columbus, OH 43215-3371, by calling 1-888-227-7877, or by visiting the STRS Ohio web site at [www.strsoh.org](http://www.strsoh.org).

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2014, STRS Ohio allocated employer contributions equal to 1% of covered payroll to post-employment health care. The School's contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012 were \$20,526, \$17,164, and \$15,848, respectively. The entire amount has been contributed for fiscal years 2012 and 2013. For fiscal year 2014, the School has contributed 94% of the required amount. The unpaid contribution has been recorded as a liability.

9. Restricted Net Position:

At June 30, 2014 the School reported restricted net position totaling \$26,438. This balance represents the unspent portion of federal specific educational program grants.

10. Contingencies:

A. Grants

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

**THE OHIO ACHIEVEMENT CHARTER SCHOOLS, INC.**

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

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10. Contingencies(Continued):

B. State funding

The Ohio Department of Education conducts reviews of enrollment data and FTE calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. The results of this review could result in state funding being adjusted. This information was not available as of the date of this report. The School does not anticipate any material adjustments to state funding for fiscal year 2014 as a result of such review.

11. Contracted Fiscal Services:

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

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

The total fee paid for these services during fiscal year 2014 was \$211,922.

12. Operating Leases:

Obermiller LLC

During fiscal year 2000, the School entered into a lease agreement with Obermiller, LLC for approximately six acres of property and the building located at 1850 Bostwick Road, Columbus, Ohio 43227. The initial term of the lease commenced on May 1, 2000 and ended on June 30, 2006. An additional two year lease commenced July 1, 2006 and ended on June 30, 2008. A month-to-month lease commenced October 1, 2008. Total rent expense for fiscal year 2014 was \$36,000.

Millennium Charter School Development

During fiscal year 2009, the School entered into a lease agreement with Millennium Charter School Development for property and the building located at 3500 Refugee Road, Columbus, Ohio 43232. The initial term of the lease commenced April 20, 2009. The term of the lease is 20 years auto-renewing every 12 months. 6 months written notice is needed to not renew the lease. Total rent for fiscal 2014 was \$870,960.

**THE OHIO ACHIEVEMENT CHARTER SCHOOLS, INC.**

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

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12. Operating Leases (Continued):

Modern Office

The School has entered into a lease agreement with Modern Office Methods for the lease of five copiers with accessories. The term of the lease was 36 months and commenced on September 26, 2012, with required payments of \$1,783 per month. Lease payments during the fiscal year totaled \$21,396.

13. Sponsor:

Since April 24, 2006, the School has contracted with Educational Resource Consultants of Ohio (ERCO) to provide sponsorship services. The School pays ERCO 1.75% of monthly foundation payments. The total fees paid under this contract for fiscal year 2014 totaled \$133,231. The sponsor provides oversight, monitoring, treasury and technical assistance for the School.

14. Change in Accounting Principle

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

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

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

**THE OHIO ACHIEVEMENT CHARTER SCHOOLS, INC.  
FRANKLIN COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2014**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Education</i>			
Nutrition Cluster:			
School Breakfast Program	10.553	\$ 92,875	\$ 92,875
National School Lunch Program	10.555	246,654	246,654
Total Nutrition Cluster		<u>339,529</u>	<u>339,529</u>
<b>Total U.S. Department of Agriculture</b>		<u>339,529</u>	<u>339,529</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010	526,776	530,793
Special Education Grants to States	84.027	105,287	105,287
Improving Teacher Quality State Grants	84.367	44,736	44,621
ARRA- Race to the Top Incentive Grants	84.395	214,287	204,577
<b>Total U.S. Department of Education</b>		<u>891,087</u>	<u>885,278</u>
<b>Total</b>		<u>\$ 1,230,615</u>	<u>\$ 1,224,807</u>

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

**THE OHIO ACHIEVEMENT CHARTER SCHOOLS, INC.  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
JUNE 30, 2014**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Award Receipts and Expenditures (the Schedule) summarizes activity of the School's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B - MATCHING REQUIREMENTS**

Certain Federal programs require that the School contribute non-Federal funds (matching funds) to support the federally-funded programs. The School has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

**NOTE C - CHILD NUTRITION CLUSTER**

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

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

The Ohio Achievement Charter Schools, Inc.  
DBA Millennium Community School  
Franklin County  
3500 Refugee Road  
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 Ohio Achievement Charter Schools, Inc., DBA Millennium Community 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 December 23, 2014.

***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.

*Kennedy Cottrell Richards LLC*

Kennedy Cottrell Richards LLC  
December 23, 2014

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

The Ohio Achievement Charter Schools, Inc.  
DBA Millennium Community School  
Franklin County  
3500 Refugee Road  
Columbus, Ohio 43232

To the Board of Directors:

***Report on Compliance for Each Major Federal Program***

We have audited the Ohio Achievement Charter Schools, Inc., DBA Millennium Community School's (the School) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the School's major federal programs for the year ended June 30, 2014. The *Summary of Audit Results* in the accompanying schedule of findings identifies the School's major federal programs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to opine on the School's compliance for each of the School's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the School's major programs. However, our audit does not provide a legal determination of the School's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the School complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2014.

**Report on Internal Control over Compliance**

The School's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the School's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School'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's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Kennedy Cottrell Richards LLC  
December 23, 2014

**THE OHIO ACHIEVEMENT CHARTER SCHOOLS, INC.  
FRANKLIN COUNTY, OHIO**

**SCHEDULE OF FINDINGS**

**JUNE 30, 2014**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material internal control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other 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)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under § .510(a) of Circular A-133?	No
(d)(1)(vii)	Major Programs (list):	Title I CFDA: 84.010  Nutrition Cluster CFDA: 10.553 and 10.555
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All others
(d)(1)(ix)	Low Risk Auditee?	No

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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None.

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
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None.

THE OHIO ACHIEVEMENT CHARTER SCHOOLS, INC.  
FRANKLIN COUNTY, OHIO

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

JUNE 30, 2014

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
	No findings		

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# Dave Yost • Auditor of State

**OHIO ACHIEVEMENT CHARTER SCHOOLS MILLENNIUM COMMUNITY 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  
MARCH 10, 2015**