



Dave Yost • Auditor of State

CELERITY TENACIA CHARTER SCHOOL
FRANKLIN COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

North Central Ohio Educational Service Center
Celerity Tenacia Charter School
Franklin County
333 East Center Street
Marion, Ohio 43302

To the Board of Directors and Sponsor:

Report on the Financial Statements

We have audited the accompanying financial statements of Celerity Tenacia Charter School, Franklin County, Ohio (the School), as of and for the period of July 1, 2014 through September 30, 2015, 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 the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for 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 cash financial position of Celerity Tenacia Charter School, Franklin County, Ohio, as of September 30, 2015, and the changes in cash financial position for the period then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

Ohio Administrative Code § 117-2-03(B) requires the School to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements. The financial statements are prepared on the cash basis of accounting, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matters

As discussed in Note 8 to the financial statements, during 2015, the School has elected to change its financial presentation to a cash basis comparable to the requirements of *Governmental Accounting Standards*. We did not modify our opinion regarding this matter.

As disclosed in Note 9, effective July 31, 2015, the School passed a resolution to close operations of the School. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 19, 2016, 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

July 19, 2016

Celerity Tenacia Charter School
Franklin County, Ohio
Statement of Net Position - Cash Basis
As of September 30, 2015

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 18,723</u>
Net Position	
Unrestricted	<u><u>\$ 18,723</u></u>

See accompanying notes to the financial statements.

Celerity Tenacia Charter School
Franklin County, Ohio

Statement of Receipts, Disbursements and Changes in Net Position - Cash Basis
For the Period July 1, 2014 through September 30, 2015

Operating Receipts	
Sales	\$ 1,305
Foundation	549,519
State Distributed Casino Revenue	3,719
Other	10,874
<i>Total Operating Receipts</i>	<u>565,417</u>
Operating Disbursements	
Fringe Benefits	73,542
Purchased Services	827,926
Materials and Supplies	8,617
Capital Outlay	6,291
Other	50,155
<i>Total Operating Disbursements</i>	<u>966,531</u>
<i>Operating Loss</i>	<u>(401,114)</u>
Non-Operating Receipts (Disbursements)	
Grants	104,547
Interest	(14,134)
Loan Proceeds (See Note 6)	310,000
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>400,413</u>
<i>Change in Net Position</i>	(701)
<i>Net Position at Beginning of Year (Restated - See Note 8)</i>	<u>19,424</u>
<i>Net Position at End of the Year</i>	<u><u>\$ 18,723</u></u>

See accompanying notes to the financial statements.

Celerity Tenacia Charter School
Franklin County, Ohio
Notes to the Basic Financial Statements
For the Period July 1, 2014 through September 30, 2015

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. The Sponsor has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration. As of July 31, 2015, the School has closed operations.

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 service contract for the period of July 1, 2014 through September 30, 2015 between the School, the Sponsor, and Charter School Management Corporation (CSMC) was also approved. In accordance with this agreement, the Sponsor will provide fiscal officer services and CSMC shall provide various bookkeeping services as outlined in the agreement. The School pays up to a 3 percent sponsorship fee for oversight and monitoring; for the period ending September 30, 2015 the fee was \$18,008.

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.

The Sponsor is the contracted fiscal agent of the School and they have an assigned licensed Treasurer serving the School. 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in this note, these financial statements are presented on the cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. The School’s significant accounting policies are described below.

Celerity Tenacia Charter School
Franklin County, Ohio
Notes to the Basic Financial Statements
For the Period July 1, 2014 through September 30, 2015

A. Basis of Accounting

Although required by Ohio Administrative Code 117-2-03(B) to prepare its financial report in accordance with accounting principles generally accepted in the United States of America, the School has chosen to prepare its financial statements on a basis of accounting not in accordance with generally accepted accounting principles. The basis of accounting is similar to the cash receipts and cash disbursements basis of accounting. Receipts are recognized when received rather than when they are earned, and disbursements are recognized when paid rather than when the liability is incurred.

B. 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 of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The School's financial statements consist of a Statement of Net Position – Cash Basis and Statement of Receipts, Disbursements and Change in Net Position - Cash Basis.

C. Budgetary Process

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Section 5705 (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.

D. Cash

All monies received by the School are deposited in a demand deposit account.

E. Capital Assets

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying cash basis financial statements. Depreciation is not recorded on these capital assets.

F. Intergovernmental Receipts

The School currently participates in the State Foundation Program and the State Special Education Program. Receipts received from the State Foundation Program are recognized as operating receipts in the accounting period in which the entitlement is received. Receipts received from the State Special Education Program and other grants and entitlements are recognized as non-operating receipts in the accounting period in which the entitlement is received.

Celerity Tenacia Charter School
Franklin County, Ohio
Notes to the Basic Financial Statements
For the Period July 1, 2014 through September 30, 2015

G. Receipts and Disbursements

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

H. Implementation of New Accounting Principles

For the period ending September 30, 2015, the School has implemented (as they pertain to the regulatory cash basis of accounting) Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, 69, *Government Combinations and Disposals of Government Operations* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*.

GASB Statement No. 68 requires recognition of the entire net pension liability and a more comprehensive measure of pension expense for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements. The implementation of GASB Statement No. 68 did not have an effect on the financial statements of the School.

GASB Statement No. 69 addresses accounting and financial reporting for government combinations (including mergers, acquisitions and transfers of operations) and disposals of government operations. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the School.

GASB Statement No. 71 amends paragraph 137 of GASB Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68. The implementation of GASB Statement No. 71 did not have an effect on the financial statements of the School.

NOTE 3 - DEPOSITS

At September 30, 2015, the carrying amount of the School's deposits was \$18,723. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, as of June 30, 2015, the School's entire bank balance of \$18,723 was covered by the Federal Deposit Insurance Corporation (FDIC).

The School had no investments.

Celerity Tenacia Charter School
Franklin County, Ohio
Notes to the Basic Financial Statements
For the Period July 1, 2014 through September 30, 2015

NOTE 4 - PURCHASED SERVICES

For the period ending September 30, 2015, purchased services disbursements were as follows:

Professional and Technical Services	\$ 501,097
Contracted Food Service	63,467
Property Services	21,518
Rentals	211,248
Student Transportation	12,600
Other	17,996
	<u>\$ 827,926</u>

NOTE 5 - 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 the period ending September 30, 2015, 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 6 – 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. As of September 30, 2015, CGD had paid \$595,247 in School expenses, \$285,247 for fiscal year ended June 30, 2014 and \$310,000 for the period ending September 30, 2015. On August 31, 2015 CGD issued a Resolution forgiving the loan balance.

NOTE 7 - CONTINGENCIES

A. Grants

The School received financial assistance from State agencies in the form of grants. The disbursements 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.

Celerity Tenacia Charter School
Franklin County, Ohio
Notes to the Basic Financial Statements
For the Period July 1, 2014 through September 30, 2015

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. Full-Time Equivalency

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the school districts, which can extend past the fiscal year end. As of the date of this report, the net effect of foundation adjustments has resulted in \$6,718 owed to the School. As disclosed in Note 9, \$15,121 was paid back to ODE on December 21, 2015 and \$21,839 was refunded back to the School on June 3, 2016. However, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 Foundation funding for the School.

NOTE 8 – RESTATEMENT OF NET POSTITION

Net position has been restated at July 1, 2014, to change from generally accepted accounting principles to the cash basis of accounting. The adjustments had the following effect on net position as previously reported:

Net Position, June 30, 2014	\$ (309,309)
Adjustments:	
Intergovernmental Receivables	(2,990)
Accounts Payable	39,305
Intergovernmental payables	3,556
Accrued Interest Payable	3,615
Long term liabilities:	
Due in more than one year	285,247
Beginning net position, July 1, 2014	\$ 19,424

Celerity Tenacia Charter School
Franklin County, Ohio
Notes to the Basic Financial Statements
For the Period July 1, 2014 through September 30, 2015

NOTE 9 – SCHOOL CLOSURE/SUBSEQUENT EVENTS

Effective July 31, 2015 the School passed a resolution to close operations of the School due to the best interest of the organization. As of September 30, 2015 the School had a cash balance of 18,723. Below is a schedule of receipts and disbursements for the period October 1, 2015 through July 19, 2016:

	Cash as of September 30, 2015:		\$ 18,723
Check	10/06/15	Valtech Communications	(220)
Check	10/06/15	WXMG-FM	(1,700)
Check	10/06/15	Time Warner Cable	(2,616)
Check	10/15/15	Mt. Business Technologies, Inc.	(2,767)
Bank fees	10/01/15	Bank Fees	(15)
Deposit	10/05/15	Casino Revenue	1,009
Check	11/17/15	Rea & Associates	(250)
Check	11/17/15	North Central Ohio ESC	(2,272)
Check	12/03/15	North Central Ohio ESC	(563)
Check	12/21/15	Treasurer, State of Ohio	(15,121)
Deposit	12/21/15	SERS Refund	24,971
Check	01/25/16	Staples Advantage	(128)
Check	01/25/16	North Central Ohio ESC	(3)
Check	03/01/16	Rea & Associates	(3,450)
Deposit	03/30/16	Time Warner Cable (Refund)	16,340
Check	04/19/16	North Central Ohio ESC	(4)
Check	05/03/16	Treasurer, State of Ohio	(3,055)
Check	06/06/16	North Central Ohio ESC	(675)
Check	06/06/16	Rea & Associates	(1,500)
Check	06/06/16	Treasurer, State of Ohio	(1,558)
Deposit	06/03/16	State of Ohio	21,839
	Cash as of July 19, 2016		\$ 46,985

The remaining balance will be used for payment of audit and financial service fees and professional fees. Any remaining balance will be returned to the Ohio Department of Education.

Celerity Tenacia Charter School
Franklin County, Ohio
Notes to the Basic Financial Statements
For the Period July 1, 2014 through September 30, 2015

NOTE 10 – 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 42315-3746 or by calling toll free (800) 878-5853. It is also posted on SERS’ website at www.ohsers.org under Employers/Audit Resources.

Fund Policy – Plan members are required to contribute 10% of their annual covered salary and the School is required to contribute at an actuarially determined rate. The current rate is 14% 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 2015, 13.14% and .86% 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% for plan members and 14% for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for members and employer contributions. The School’s required contributions for pension obligations and death benefits to SERS for the fiscal year ended September 30, 2015 was \$34,066, 100% has been contributed for fiscal year 2015.

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.

Celerity Tenacia Charter School
Franklin County, Ohio
Notes to the Basic Financial Statements
For the Period July 1, 2014 through September 30, 2015

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% 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.

Funding Policy – For fiscal year 2015, plan members are required to contribute 12% of their annual covered salaries. The School was required to contribute 14%; 14% was the portion used to fund pension obligations. Contributions 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 employer contributions. Chapter 3307 of the Ohio Revised Code provides statutory for members and employer contributions.

The School's required contributions for pension obligations to STRS Ohio for the fiscal year ended September 30, 2015 was \$39,476; 100% has been contributed for fiscal year 2015.

NOTE 11 – 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 2015 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income.

Celerity Tenacia Charter School
Franklin County, Ohio
Notes to the Basic Financial Statements
For the Period July 1, 2014 through September 30, 2015

SERS's 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 Street, 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% 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 2015, .82% 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% of that employer's SERS covered payroll; nor may SERS collect in aggregate more than 1.5% of the statewide SERS covered payroll for the health care surcharge. For fiscal year 2015, the actuarially determined amount was \$20,250.

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 September 30, 2015, was \$0.

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 2015, the actuarially required allocation was .76% of covered payroll. The School's contributions for Medicare Part B for the fiscal year ended September 30, 2015 were \$0.

B. State Teachers Retirement System

Plan Description – The School contribute 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 premium. 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 (999) 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 2015, STRS Ohio allocated employer contributions equal to 0% of covered payroll to the Health Care Stabilization Fund. The School's contributions for health care for the fiscal year ended September 30, 2015, were \$0.

Celerity Tenacia Charter School
Franklin County, Ohio
Notes to the Basic Financial Statements
For the Period July 1, 2014 through September 30, 2015

NOTE 12 – 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 period ended September 30, 2015 amounts to approximately \$17,469.



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*

North Central Ohio Educational Service Center
Celerity Tenacia Charter School
Franklin County
333 East Center Street
Marion, Ohio 43302

To the Board of Directors and Sponsor:

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 Celerity Tenacia Charter School, Franklin County, Ohio, (the School) as of and for the period of July 1, 2014 through September 30, 2015, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated July 19, 2016, wherein we noted the has elected to change its financial presentation to a cash basis. In addition, we noted effective July 31, 2015 the School passed a resolution to close operations of the School.

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 an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2015-001.

School's Response to Finding

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

Purpose of this Report

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



Dave Yost
Auditor of State
Columbus, Ohio

July 19, 2016

**CELERITY TENACIA CHARTER SCHOOL
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
FOR THE PERIOD JULY 1, 2014 THROUGH SEPTEMBER 30, 2015**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2015-001

**Noncompliance
Financial Records and Reporting**

Ohio Rev. Code § 3314.03(A)(8) provides that the contract between a sponsor and the governing authority of a community school shall require that a community school maintain its financial records in the same manner as school districts. Ohio Rev. Code § 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Admin. Code § 117-2-03 further clarifies the requirements of Ohio Rev. Code § 117.38.

Ohio Admin. Code § 117-2-03(B) requires the School to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP).

The School's financial statements were required to be prepared using generally accepted accounting principles (GAAP) which is designed to enhance the decision-making capabilities of the Board, those charged with operations of the School, and others with regulatory interests in the results of operations and available resources of the School. GAAP basis financial statements provide financial statement users with an accurate financial picture of the School's results of operations and available resources by including accrued assets, liabilities, revenues and expenses.

The School did not provide GAAP basis financial statements for the period of July 1, 2014 through September 30, 2015. The accompanying financial statements and notes were prepared with the available records provided for the audit.

Officials' Response:

The Celerity Tenacia Community School acknowledges the Ohio requirement for GAAP filing. The additional expense to contract with an accounting firm to comply with this requirement was deemed impractical by management due to the school's closure. Remaining available funds are being used instead to pay the school's outstanding obligations.

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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
SEPTEMBER 13, 2016**