

***SPRINGFIELD ACADEMY OF EXCELLENCE  
CLARK COUNTY, OHIO***

***AUDIT REPORT***

***FOR THE YEAR ENDED JUNE 30, 2011***

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants and Government Consultants**





# Dave Yost • Auditor of State

Board of Education  
Springfield Academy of Excellence  
623 South Center Street  
Springfield, Ohio 45506

We have reviewed the *Report of Independent Accountants* of the Springfield Academy of Excellence, Clark County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2010 through June 30, 2011. 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 Springfield Academy of Excellence is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

March 14, 2012

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**SPRINGFIELD ACADEMY OF EXCELLENCE**  
**CLARK COUNTY**  
**AUDIT REPORT**  
For the year ended June 30, 2011

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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REPORT OF INDEPENDENT ACCOUNTANTS

Springfield Academy of Excellence  
Clark County  
623 S. Center St.  
Springfield, Ohio 45506

To the Board of Trustees:

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2011, on our consideration of the Springfield Academy of Excellence, Clark County, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Springfield Academy of Excellence's financial statements as a whole. The accompanying schedule of federal award expenditures is presented for purpose of additional analysis as required by 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 of federal award expenditures is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



*Charles E. Harris & Associates, Inc.*

December 21, 2011



## SPRINGFIELD ACADEMY OF EXCELLENCE, INC.

Management's Discussion and Analysis

For the Year Ended June 30, 2011

(Unaudited)

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

### Financial Highlights

Key financial highlights for fiscal year 2011 are as follows:

- ▶ Total net assets decreased \$94,233 in the fiscal year 2011 from fiscal year 2010. This decrease is due to the excess expenditures over revenue for the year ended June 30, 2011.
- ▶ Total assets decreased \$120,282 from the prior year, due primarily to an decrease in cash and capital assets offset by the current year accumulated depreciation.
- ▶ The operating loss reported for fiscal year 2011 was \$82,122 more than the operating loss reported for fiscal year 2010. The primary factor attributing to the increase in the operating loss for fiscal year 2011 is the increase in purchased services and leases payments.

### Using this Financial Report

This annual report consists of a series of financial statements and notes to those statements.

The *Statement of Net Assets* and *Statement of Revenues, Expenses, and Changes in Net Assets* reflect how the Academy did financially during fiscal year 2011. These statements include *all assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

The Academy uses enterprise presentation for all of its activities.

**SPRINGFIELD ACADEMY OF EXCELLENCE, INC.**

Management's Discussion and Analysis

For the Year Ended June 30, 2011

(Unaudited)

Table 1 provides a summary of the Academy's net assets for fiscal years ended June 30, 2011 and 2010.

**Table 1**  
**Net Assets**

	<u>2011</u>	<u>2010</u>
<b><u>Assets</u></b>		
Current assets	\$ 80,908	\$ 135,969
Security Deposit	6,454	6,454
Capital assets, net	431,797	497,018
Total Assets	<u>519,159</u>	<u>639,441</u>
<b><u>Liabilities</u></b>		
Current liabilities	175,218	185,756
Long-Term liabilities	314,105	329,616
Total Liabilities	<u>489,323</u>	<u>515,372</u>
<b><u>Net Assets</u></b>		
Invested in capital assets (net of related debt)	102,181	153,028
Unrestricted (deficit)	<u>(72,345)</u>	<u>(28,959)</u>
Total Net Assets	<u>\$ 29,836</u>	<u>\$ 124,069</u>

Total liabilities of the Academy decreased \$26,049 at June 30, 2011 compared with fiscal year 2010. This decrease is due primarily to a decrease in current payables.

**SPRINGFIELD ACADEMY OF EXCELLENCE, INC.**

Management's Discussion and Analysis

For the Year Ended June 30, 2011

(Unaudited)

Table 2 shows the changes in net assets for the fiscal years ended June 30, 2011 and 2010.

**Table 2**  
**Change in Net Assets**

	<u>2011</u>	<u>2010</u>
<b>Operating Revenues:</b>		
Foundation	\$1,538,771	\$1,490,226
Miscellaneous	31,169	6,991
<b>Non-Operating Revenues:</b>		
State and Federal Grants	685,418	622,856
Interest	74	45
Total Revenues	<u>2,255,432</u>	<u>2,120,118</u>
<b>Operating Expenses:</b>		
Salaries	1,136,176	1,178,501
Fringe Benefits	331,723	298,380
Purchased Services	445,897	334,925
Leases	172,748	103,800
Materials and Supplies	155,850	161,844
Depreciation	70,511	69,809
Other	10,976	21,777
<b>Non-Operating Expenses:</b>		
Interest and fiscal charges	25,784	27,126
Total Expenses	<u>2,349,665</u>	<u>2,196,162</u>
Change in Net Assets	(94,233)	(76,044)
Net Assets, Beginning of Year	124,069	200,113
Net Assets, End of Year	<u>\$ 29,836</u>	<u>\$ 124,069</u>

Total revenue received by the Academy in fiscal year 2011 increased \$135,314 compared with fiscal year 2010. As shown on Table 2 above, there were increases in state and federal, foundation, and miscellaneous revenues.

Total expenses for fiscal year 2011 increased by \$153,503 compared with total expense reported for the prior fiscal year. Leases and purchased services were the main components of the increase.

**Capital Assets**

At June 30, 2011 the capital assets of the Academy totaled \$943,587 with accumulated depreciation being \$511,790. During the year, the Academy purchased \$5,290 of equipment. See Note 5 of the notes to the basic financial statements for additional information.

## **SPRINGFIELD ACADEMY OF EXCELLENCE, INC.**

Management's Discussion and Analysis

For the Year Ended June 30, 2011

(Unaudited)

### **Debt**

At June 30, 2011, the debt obligation of the Academy consisted solely of the construction loan obtained to provide financing for the construction of the new school building. The original principal of the loan was \$409,998. At June 30, 2011 the outstanding principal balance was \$329,616. See Note 7 of the notes to the basic financial statements for additional information.

### **Restrictions and Other Limitations**

The future stability of the Academy is not without challenges. The Academy does not receive any funds from taxes. The primary source of funding is the state foundation program. An economic slowdown in the state could result in budgetary cuts to education, which would have a negative impact on the Academy.

### **Current Financial Related Activities**

The Academy is sponsored by Richland Academy. The Academy is reliant upon State Foundation monies and Federal Sub-Grants to offer quality, educational services to students. In order to continually provide learning opportunities to the Academy's students, the Academy will apply resources to best meet the needs of its students. It is the intent of the Academy to apply for other State and Federal funds that are made available to finance its operations.

### **Contacting the Academy**

This financial report is designed to provide a general overview of the finances of the Springfield Academy of Excellence, Inc. and to show the Academy'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:

Springfield Academy of Excellence  
623 South Center Street  
Springfield, Ohio 45506

**SPRINGFIELD ACADEMY OF EXCELLENCE**  
**STATEMENT OF NET ASSETS**  
**AS OF JUNE 30, 2011**

**Assets:**

**Current Assets:**

Cash	\$ 14,506
Intergovernmental Receivable	66,402
<b>Total Current Assets</b>	<u>80,908</u>

**Noncurrent Assets:**

Security Deposit	6,454
Capital Assets (Net of Accumulated Depreciation)	431,797
<b>Total Noncurrent Assets</b>	<u>438,251</u>

<b>Total Assets</b>	<u><u>\$ 519,159</u></u>
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**Liabilities:**

**Current Liabilities:**

Accounts Payable	\$ 21,085
Intergovernmental Payable	20,589
Accrued Wages Payable	118,033
Notes Payable, Due within One Year	15,511
<b>Total Current Liabilities</b>	<u>175,218</u>

**Noncurrent Liabilities:**

Notes Payable, Due Within More than One Year	<u>314,105</u>
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<b>Total Liabilities</b>	<u><u>\$ 489,323</u></u>
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**Net Assets:**

Invested in Capital Assets, Net of Related Debt	102,181
Unrestricted	(72,345)
<b>Total Net Assets</b>	<u><u>\$ 29,836</u></u>

See accompanying notes to the basic financial statements.

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

<b>Operating Revenues:</b>	
Foundation	\$1,538,771
Other Operating Revenue	31,169
Total Operating Revenues	<u>1,569,940</u>
<b>Operating Expenses:</b>	
Salaries	1,136,176
Fringe Benefits	331,723
Lease Payments	172,748
Purchased Services	445,897
Materials and Supplies	155,850
Depreciation	70,511
Other	10,976
Total Operating Expenses	<u>2,323,881</u>
Operating Loss	<u>(753,941)</u>
<b>Non-Operating Revenues / (Expenses):</b>	
State and Federal Grant Revenue	685,418
Interest Earnings	74
Interest and Fiscal Charges	<u>(25,784)</u>
Total Non-Operating Revenues	<u>659,708</u>
Changes in Net Assets	(94,233)
Net Assets at Beginning of Year	124,069
<b>Net Assets at End of Year</b>	<u><u>\$ 29,836</u></u>

See accompanying notes to basic financial statements

**SPRINGFIELD ACADEMY OF EXCELLENCE  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2011**

**Increase (Decrease) in Cash and Cash Equivalents**

**Cash Flows from Operating Activities:**

Cash Received from State of Ohio	\$ 1,529,645
Cash Payments to Suppliers for Goods and Services	(779,148)
Cash Payments to Employees for Services and Benefits	(1,483,186)
Cash Received from Other Operating Sources	31,169
<b>Net Cash Used in Operating Activities</b>	<u>(701,520)</u>

**Cash Flows from Noncapital Financing Activities:**

Federal and State Subsidies	665,254
<b>Net Cash Provided by Noncapital Financing Activities</b>	<u>665,254</u>

**Cash Flows from Capital and Related Financing Activities:**

Principal Paid on Notes	(14,374)
Capital Assets Purchased	(5,290)
Cash Payment for Interest Paid on Notes	(25,784)
<b>Net Cash Used in Capital and Related Financing Activities</b>	<u>(45,448)</u>

**Cash Flows from Investing Activities:**

Interest on Investments	74
<b>Net Cash Provided by Investing Activities</b>	<u>74</u>

Net Decrease in Cash and Cash Equivalents (81,640)

Cash and Cash Equivalents, Beginning of Year 96,146

**Cash and Cash Equivalents, End of Year** \$ 14,506

**Reconciliation of Operating Loss to Net Cash Used in Operating Activities**

Operating Loss \$ (753,941)

**Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:**

Depreciation	70,511
Changes in Assets and Liabilities:	
Increase in Intergovernmental Receivable Related to State Foundation	(6,415)
Decrease in Accrued Wages Payable	(11,659)
Increase in Accounts Payable	3,156
Decrease in Intergovernmental Payable	(3,172)
<b>Total Adjustments</b>	<u>52,421</u>

**Net Cash Used in Operating Activities** \$ (701,520)

**SPRINGFIELD ACADEMY OF EXCELLENCE, INC.**  
**CLARK COUNTY**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**1. Description of the Academy**

Springfield Academy of Excellence, Inc. (the Academy) is a state non-profit corporation established pursuant to the Ohio Rev. Code Chapters 3314 and 1702. The Academy's objective is to provide education in a nurturing environment that focuses on the development of the whole child. Emphasis is placed on academic achievement as well as physical, psychological, social, and ethical development. The Academy, which is part of the State's education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The Academy may acquire facilities as needed and contract for any services necessary for the operation of the Academy.

The Academy 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. Management is not aware of any course of action or series of events that have occurred that might adversely affect the Academy's tax exempt status.

The Academy operates under the direction of a governing board of at least seven members. The Governing 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 Governing Board controls the Academy's one instructional/support facility staffed by 18 non-certified and 16 certified full-time teaching personnel.

**2. Summary of Significant Accounting Policies**

The financial statements of the Academy have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental non-profit organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Academy also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The Academy has elected not to apply FASB statements and interpretations issued after November 30, 1989. The Academy's significant accounting policies are described below.

**A. Basis of Presentation**

The Academy's basic financial statements consist of a Statement of Net Assets, a Statement of Revenues, Expenses, and Changes in Net Assets, and a Statement of Cash Flows.

The Academy uses enterprise accounting to report on its financial activities. Enterprise accounting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. Enterprise accounting may be used to account for any activity for which a fee is charged to external users for goods or services.



**SPRINGFIELD ACADEMY OF EXCELLENCE, INC.**  
**CLARK COUNTY**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

<b>2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)</b>
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**B. Measurement Focus and Basis of Accounting**

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the Statement of Net Assets. The Statement of Revenues, Expenses, and Changes in Net Assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The Statement of Cash Flows reflects how the Academy finances and meets its cash flow needs.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The accrual basis of accounting is utilized for reporting purposes.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Revenues resulting from non-exchange transactions, in which the Academy received value without directly giving equal value in return, such as grants, entitlements, and donations are recognized in the period in which all eligibility requirements have been satisfied. Expenses are recognized at the time they are incurred.

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 cost (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.

**C. Budgetary Process**

Unlike traditional 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 School's contract with its Sponsor. The contract between the Academy and its Sponsor requires a detailed school budget for each year of the contract; however, the budget does not have to follow the provisions of Ohio Rev. Code Section 5705.

**D. Cash**

Cash received by the Academy is reflected as "cash" on the statement of net assets. Unless otherwise noted, all monies received by the Academy are pooled and deposited in a central bank account as demand deposits. The Academy did not have any investments during fiscal year ended June 30, 2011.

**E. Capital Assets**

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market value as of

**SPRINGFIELD ACADEMY OF EXCELLENCE, INC.**  
**CLARK COUNTY**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

<b>2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)</b>
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the date donated. The Academy maintains a capitalization threshold of \$500. The Academy has a school building which was constructed during the fiscal year 2005 school year.

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are expensed.

Depreciation of leasehold improvements, equipment, and buildings is computed using the straight-line method over estimated useful lives of seven, five, and forty years, respectively. Improvements to capital assets are depreciated over the remaining useful lives of the related capital assets.

**F. Intergovernmental Revenues**

The Academy currently participates in the State Foundation Program. Revenue received from this program is recognized as operating revenue. This program is recognized as operating revenues in the accounting period in which all eligibility requirements are met. Amounts awarded under the above program for the 2011 school year totaled \$1,538,771.

Federal and state grants are recognized as non-operating revenues in the accounting period in which all eligibility requirements of the grant have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year use is first permitted, matching requirements, in which the Academy must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis. Federal & state grants revenue received during fiscal year 2011 was \$685,418.

**G. Accrued Liabilities and Long-Term Obligations**

The Academy has recognized certain liabilities on its statement of net assets relating to expenses for goods and services received but unpaid as of June 30, 2011.

**I. Security Deposits**

The Academy entered into several leases for the use of the building for the administration of the Academy, computer equipment, and a phone system, for which security deposits were paid at the signing of the agreement. These amounts are held by the respective lessor/vendor.

**J. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation reduced by any outstanding capital related debt. Net assets are 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.

**SPRINGFIELD ACADEMY OF EXCELLENCE, INC.**  
**CLARK COUNTY**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**K. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly by the Academy's primary activities. For the Academy, operating revenues include foundation payments and disadvantaged pupil impact aid received from the State of Ohio and charges for services. Operating expenses are necessary costs incurred to support the Academy's primary activities, including depreciation.

Non-operating revenues and expenses are those that are not generated directly by the Academy's primary activities.

**L. 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.

**3. Cash**

At June 30, 2011, the carrying amount of the Academy's deposits was \$14,506 and the bank balance was \$85,386, all of which was covered by the Federal Deposit Insurance Corporation (FDIC).

**4. Intergovernmental Receivables**

Receivables at June 30, 2011, consisted of intergovernmental grants from the Federal and State, which is considered to be collectible in full and included the following principal components:

<u>Grant Program</u>	
Title I	\$ 11,214
Race to the Top	6,409
Education Job	7,872
Food Service Reimbursement	6,771
Title II-A	4,681
Title I School Improvement	19,380
Special Education	3,660
Foundation	6,415
Total	<u>\$ 66,402</u>

**SPRINGFIELD ACADEMY OF EXCELLENCE, INC.**  
**CLARK COUNTY**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**5. Capital Assets**

A summary of the Academy's capital assets at June 30, 2011 follows:

	<u>Balance 6/30/2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2011</u>
<b>Capital Assets:</b>				
Buildings	\$ 498,505	\$ -	\$ -	\$ 498,505
Leasehold Improvements	308,495	-	-	308,495
Equipment	131,297	5,290	-	136,587
<b>Total Assets</b>	<u>\$ 938,297</u>	<u>\$ 5,290</u>	<u>\$ -</u>	<u>\$ 943,587</u>
<b>Depreciation:</b>				
Buildings	\$ (66,355)	\$ (13,271)	\$ -	\$(79,626)
Leasehold Improvement	(264,425)	(44,070)	-	(308,495)
Equipment	(110,499)	(13,170)	-	(123,669)
<b>Accumulated Depreciation</b>	<u>\$(441,279)</u>	<u>\$ (70,511)</u>	<u>\$ -</u>	<u>\$(511,790)</u>
<b>Net Capital Assets</b>	<u>\$ 497,018</u>	<u>\$ 65,221</u>	<u>\$ -</u>	<u>\$ 431,797</u>

**6. Risk Management**

**Property and Liability** – The Academy is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2011, the Academy contracted with Cincinnati Insurance Co. for property, general liability, auto, and excess liability insurance. Property is covered for \$237,900 and contents are insured for \$343,900. There is a deductible of \$250 and property and contents are 90% co-insured. Commercial general liability covers each single occurrence for \$1 million with a \$2 million general aggregate limit. The excess liability is covered for \$1 million for each occurrence and \$1 million in the aggregate.

There has been no significant reduction in coverage in relation to the prior fiscal year. Settled claims have not exceeded commercial coverage in any of the last three fiscal years.

**Worker's Compensation** – The Academy pays the State Worker's Compensation System a premium for employee injury by the State.

**Employee Insurance Benefits** – The Academy has contracted through an independent agent to provide employee medical insurance to its full-time employees who work 25 or more hours per week.

**SPRINGFIELD ACADEMY OF EXCELLENCE, INC.**  
**CLARK COUNTY**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**7. Notes Payable**

The activity of the Academy's promissory notes payable is summarized as follows:

<u>Obligation</u>	<u>Beginning Balance</u>	<u>Principal Payments</u>	<u>Ending Balance</u>	<u>Amount Due in One Year</u>
Construction loan – Huntington National Bank at 7.64%	\$343,990	\$ 14,374	\$329,616	\$ 15,511

The Academy entered into a construction loan with Huntington National Bank for the construction of a new school building. The total amount of the loan was set at \$409,998. The interest rate was set at Prime plus one (1%). For the fiscal year 2011 the interest rate was 7.64%. The loan was guaranteed in full by the Church of Jesus, Inc. through a third mortgage secured on a real property located at 623 South Center Street, Springfield, Ohio. In addition, the Ohio School Facilities Commission has guaranteed 85% of the project for the first 15 years of the loan.

Future principal obligations of the loan are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 15,511	\$ 24,647
2013	16,739	23,419
2014	18,059	22,099
2015	16,647	23,511
2016	21,035	19,122
2017 - 2021	132,942	67,847
2022 - 2023	108,683	9,864
Total	<u>\$ 329,616</u>	<u>\$190,509</u>

**8. Defined Benefit Pension Plans**

**A. School Employees Retirement System**

**Plan Description**

The Academy contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability 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 may be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under **Employer/Audit Resources**.

**SPRINGFIELD ACADEMY OF EXCELLENCE, INC.**  
**CLARK COUNTY**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

<b>8. Defined Benefit Pension Plans (continued)</b>
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**Funding Policy**

Plan members are required to contribute 10% of their annual covered salary and the Academy 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 a statutory maximum amount, 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, 2011, the allocation to pension and death benefits is 11.81%. The remaining 2.19% of the 14% employer contribution rate is allocated to Health Care and Medicare B Funds. The Academy's contributions to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$29,714, \$29,452 and \$25,906, respectively, which equaled the required contributions for the year.

**B. State Teachers Retirement System**

The Academy participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone comprehensive annual financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, Ohio 43215-3371 or by calling toll-free 1-888-227-7877, or by visiting the STRS website at [www.strsoh.org](http://www.strsoh.org).

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. 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 DB Plan benefits are established under Chapter 3307 of the Ohio 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 members' 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 31st year of earned Ohio service credit is calculated at 2.5% with an additional one-tenth of a percent added to the calculation for every year over 31 years until 100% of the final average salary is reached. For members with 35 or more years of Ohio contributing services, the first 30 years will be calculated at 2.5%. Under the money-purchase benefit, members' lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. The total is then divided by an actuarially

**SPRINGFIELD ACADEMY OF EXCELLENCE, INC.**  
**CLARK COUNTY**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

<b>8. Defined Benefit Pension Plans (continued)</b>
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determined annuity factor to determine the maximum annual retirement allowance. Benefits are increased annually by 3% of the original base amount.

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. Benefits are established under Sections 3307.80 to 3307.89 of the Ohio Revised Code. 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 members' designated beneficiary is entitled to receive the member's account balance.

Combined Plan offers features of the DC Plan and the DB Plan. Member contributions are allocated to investments selected by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Plan members' defined benefit is determined by multiplying 1% of the members' final average salary by the members' years of service credit. The defined benefit portion of the Combined Plan is payable to members 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 following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during 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.

For fiscal year ended June 30, 2010 (*most recent information available*) members were required to contribute 10% of their annual covered salary and the Academy was required to contribute 14%. Member and employer contributions were established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers provided by Chapter 3307 of the Ohio Revised Code. Of the 14% contributed by the Academy, 13% was the portion used to fund pension obligations.

The Academy's contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010, and 2009, were \$130,945, \$118,793, and \$105,770 respectively, which equaled the required contributions for the year.

**SPRINGFIELD ACADEMY OF EXCELLENCE, INC.**  
**CLARK COUNTY**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**8. Defined Benefit Pension Plans (continued)**

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by SERS/STRS Ohio have an option to choose Social Security or SERS/STRS Ohio. The Academy's liability is 6.2% of wages paid. No employees have elected to participate in Social Security.

**9. Post-Employment Benefits**

**A. School Employee Retirement System**

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

**Medicare Part B Plan**

The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefits 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 2011 was \$96.40 for most participants, but could be as high as \$369.10 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

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 2011, the actuarially required allocation is .76%.

The Academy contributions for the years ended June 30, 2011, 2010 and 2009 were \$1,900, \$1,751, \$1,406, respectively, which equaled the required contributions each year.

**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 offer 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 manager the self-insurance and prescription drug plans, respectively.

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



**SPRINGFIELD ACADEMY OF EXCELLENCE, INC.**  
**CLARK COUNTY**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**9. Post-Employment Benefits (continued)**

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code Section 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 fiscal year ended June 30, 2011, the health care allocation is 1.43%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated accordingly 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 2011, the minimum compensation level was established as \$35,800. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The Academy contributions assigned to health care for the years ended June 30, 2011, 2010, and 2009 were \$7,056, \$9,587 and \$7,698, respectively.

The SERS Retirement Board establishes the rules for the premium 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 Medicaid B plans are included in its Comprehensive Annual Financial Report. This report can be obtained on SERS Website at [www.ohsers.org](http://www.ohsers.org) under Employer/Audit Resources.

**B. State Teachers Retirement System**

**Plan Description**

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

**Funding Policy**

Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The Academy's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$10,073, \$9,138, and \$7,555 respectively; 100 percent have been contributed for fiscal years 2011, 2010, and 2009.

**SPRINGFIELD ACADEMY OF EXCELLENCE, INC.**  
**CLARK COUNTY**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

<b>10. Contingencies</b>
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**A. Grants**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts, which may be disallowed, if any, are not presently determinable. However, in the opinion of the Academy, any such disallowed claims will not have a material adverse effect on the financial position of the Academy.

**B. Full Time Equivalency**

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 the review could result in state funding being adjusted. The Ohio Department of Education completed its review of the Academy's enrollment data for fiscal year 2011; this resulted in underpayment of state funding in the amount of \$6,415 for fiscal year 2011. This amount has been included as an intergovernmental receivable on the accompanying financial statements.

<b>11. Operating Leases</b>
-----------------------------

The Academy is leasing the use of land, office and classroom space, and various pieces of equipment through operating leases with the Church of Jesus Family Worship Center (the Church), the Precious Gifts Day Care Center (the Day Care Center) and Modular Designs.

Individual lease obligations include:

- A ninety-nine year lease between the Church and the Academy which stipulates the Academy will be permitted to use Church grounds for an annual fee of one dollar for construction of the new school building. For fiscal year 2011, the lease was forgiven by the Church. Lease payments are expected to remain the same for the remaining term of the lease.
- An agreement with Modular Designs for 12 double-unit modular systems. This lease is renewable annually. During fiscal year 2011, the Academy paid \$5,150 per month for a total of \$61,800 to Modular Designs related to this lease. Lease payments are expected to remain the same for subsequent periods of this lease.

**SPRINGFIELD ACADEMY OF EXCELLENCE, INC.**  
**CLARK COUNTY**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**11. Operating Leases (continued)**

- A lease of the Annex and other building space from the Church, beginning July 1, 2010 through June 30, 2011 in the amount of \$10,000 per month. This lease is renewable annually. During fiscal year 2011, the Academy paid \$120,000 related to this lease agreement.
- The Academy leases food storage space and freezer space and certain equipment from the Day Care Center. This lease is renewable annually. Lease obligations related to these items totaled \$2,100 during the fiscal year 2011. Lease payments are expected to remain the same for the remaining term of the leases.

**12. Related Parties**

During the fiscal year ended June 30, 2011, the Academy made payments on several lease agreements with the Day Care Center and the Church, which are affiliated with the Director and a Trustee of the Academy. The Director is the operator of the Day Care Center and the Trustee is the Pastor of the Church. See Note 11 to the basic financial statements for additional information.

**13. Purchased Services**

During the fiscal year ended June 30, 2011, purchased service expenses were as follows:

Professional and technical services	\$ 251,560
Property services	15,954
Meeting	72,624
Communications	17,680
Utilities	31,571
Contracted (Food Service)	56,115
Other	393
Total	\$445,897

**14. Sponsor Agreement**

July 1, 2006, the Academy entered into a five-year agreement with the Fordham Foundation to serve as its Sponsor. Sponsorship fees paid in the amount of \$25,447 are reflected as “Purchased Services” in the Statement of Revenue, Expenses, and Change in Net Assets.

**SPRINGFIELD ACADEMY OF EXCELLENCE  
CLARK COUNTY  
SHCEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2011**

<b>FEDERAL GRANTOR/ Pass Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Disbursements</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Education</i>			
Nutrition Cluster:			
School Breakfast Program	10.553	\$ 34,187	\$ 34,187
National School Lunch Program	10.555	95,873	95,873
Total Nutrition Cluster		<u>130,060</u>	<u>130,060</u>
Total U.S. Department of Agriculture		130,060	130,060
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education</i>			
Title I:			
Title I Grants to Local Educational Agencies	84.010	164,495	184,229
ARRA - Title I Grants to Local Educational Agencies	84.389	51,323	53,142
Total Title I		<u>215,818</u>	<u>237,371</u>
Special Education Cluster:			
Special Education Grants to States	84.027	50,669	49,781
Special Education Preschool Grants	84.173	457	457
ARRA -Special Education Grants to States	84.391	25,376	28,691
Total Special Education Cluster		<u>76,502</u>	<u>78,929</u>
Education Technology State Grants	84.318	695	435
Improving Teacher Quality State Grants	84.367	5,689	6,942
ARRA-State Fiscal Stabilization Fund - Education State Grants	84.394	130,470	130,470
Race to the Top	84.412	13,739	13,739
Education Jobs Fund	84.410	<u>83,972</u>	<u>81,176</u>
Total U.S. Department of Education		<u>526,885</u>	<u>549,062</u>
<b>Total Awards</b>		<u><u>\$ 656,945</u></u>	<u><u>\$ 679,122</u></u>

The accompanying notes are an integral part of this schedule.

**SPRINGFIELD ACADEMY OF EXCELLENCE, INC.**  
**CLARK COUNTY**  
**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) reports the Springfield Academy of Excellence, Inc. (the Academy's) federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

**NOTE B- CHILD NUTRITION CLUSTER**

The Academy commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the Academy assumes it expends federal monies first.

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Cleveland OH 44113-1306  
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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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

Springfield Academy of Excellence  
Clark County  
623 Center St.  
Springfield, Ohio 45506

To the Board of Trustees:

We have audited the financial statements of the Springfield Academy of Excellence, (Academy), Clark County, Ohio, as of and for the year ended June 30, 2011, and have issued our report thereon dated December 21, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

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

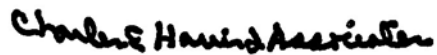
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies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

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

## Compliance and Other Matters

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

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

A handwritten signature in black ink that reads "Charles E. Harris".

*Charles E. Harris and Associates, Inc.*

December 21, 2011

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Springfield Academy of Excellence  
Clark County  
623 Center St.  
Springfield, Ohio 45506

To the Board of Trustees:

Compliance

We have audited the Springfield Academy of Excellence, Clark County, Ohio's (the Academy) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Academy's federal programs for the year ended June 30, 2011. The Academy's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Academy's management. Our responsibility is to express an opinion on the Academy's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Academy's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Academy's compliance with those requirements.

In our opinion, the Springfield Academy of Excellence complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.



## Internal Control Over Compliance

Management of the Springfield Academy of Excellence is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Academy internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Academy 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. 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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of management, the Board of Trustees, the audit committee, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Charles E. Harris*

**CHARLES E. HARRIS & ASSOCIATES, INC.**

December 21, 2011

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 SECTION .505**

**SPRINGFIELD ACADEMY OF EXCELLENCE  
CLARK COUNTY  
June 30, 2011**

**1. SUMMARY OF AUDITOR'S RESULTS**

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unqualified
(d)(1)(ii)	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(ii)	<i>Were there any significant deficiencies reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	No
(d)(1)(iv)	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any significant deficiencies reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
(d)(1)(vi)	<i>Are there any reportable findings under Section .510</i>	No
(d)(1)(vii)	<i>Major Programs:</i>	CFDA 84.010, Title I Grants to Local Educational Agencies CFDA 84.389 Title I ARRA Grants to Local Educational Agencies CFDA 84.394 ARRA-State Stabilization Fund - Education State Grants
(d)(1)(viii)	<i>Dollar Threshold: Type A\B Programs</i>	Type A: >\$300,000 Type B: All Others
(d)(1)(ix)	<i>Low Risk Auditee?</i>	No

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

SCHEDULE OF PRIOR AUDIT FINDINGS

The prior audit report, as of June 30, 2010, reported no material citations or recommendations.

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*Certified Public Accountants*

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Independent Accountants' Report on Applying Agreed-Upon Procedure

Springfield Academy of Excellence  
Clark County  
623 Center St.  
Springfield, Ohio 45506

To the Board of Trustees:

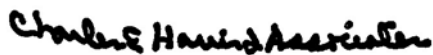
Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall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

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

We noted the Board did not amend its anti-harassment policy to include violence within a dating relationship within its definition of harassment, intimidation or bullying. Ohio Rev. Code Section 3313.666 required the Board to amend its definition by September 28, 2010.

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

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



*Charles E. Harris & Associates, Inc.*  
December 21, 2011



# Dave Yost • Auditor of State

**SPRINGFIELD ACADEMY OF EXCELLENCE**

**CLARK 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 27, 2012**