RENAISSANCE ACADEMY
FRANKLIN COUNTY

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2015

Dave Yost • Auditor of State

RENAISSANCE ACADEMY
FRANKLIN COUNTY

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INDEPENDENT AUDITOR'S REPORT

Renaissance Academy
Franklin County
1555 Elaine Road
Columbus, Ohio 43227

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of Renaissance Academy, Franklin County, Ohio (the School), as of and for the year ended June 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 accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the School's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the School's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Renaissance Academy, Franklin County, Ohio, as of June 30, 2015, and the respective changes in financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during the year ended June 30, 2015, the School adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

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

Dave Yost
Auditor of State
Columbus, Ohio

September 29, 2016

RENAISSANCE ACADEMY
FRANKLIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015
(UNAUDITED)

The management's discussion and analysis of the Renaissance Academy's (the "School") financial performance provides an overall review of the School's financial activities for the year ended June 30, 2015. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the notes to the basic financial statements, financial statements and required supplementary information to enhance their understanding of the School's financial performance.

Financial Highlights

Key financial highlights for 2015 are as follows:

- In total, net position was a deficit balance of $1,683,645 at June 30, 2015.

- The School had operating revenues of $1,494,963, operating expenses of $1,821,216, non-operating revenues of $580,220 and non-operating expenses of $24,883 for fiscal year 2015. Total change in net position for the fiscal year was an increase of $229,084.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so that the reader can understand the School's financial activities. The statement of net position and statement of revenues, expenses and changes in net position provide information about the activities of the School, including all short-term and long-term financial resources and obligations.

Reporting the School's Financial Activities

These documents look at all financial transactions and ask the question, "How did we do financially during 2015?" The statement of net position and statement of revenues, expenses and changes in net position answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School's net position and changes in net position. This change in net position is important because it tells the reader that, for the School as a whole, the financial position of the School has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

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

The table below provides a summary of the School's net position for fiscal year 2015 and 2014. Balances at June 30, 2014 have been restated as described in Note 3 to the basic financial statements.

Net Position

	2015	Restated 2014
Assets		
Current assets	$ 286,208	$ 140,274
Capital assets, net	56,744	48,072
Total assets	342,952	188,346
Deferred outflows of resources	129,377	92,742
Liabilities		
Current liabilities	193,408	334,316
Non-current liabilities	1,679,653	1,859,501
Total liabilities	1,873,061	2,193,817
Deferred inflows of resources	282,913	-
Net Position		
Investment in capital assets	56,744	48,072
Restricted	38,249	-
Unrestricted (deficit)	(1,778,638)	(1,960,801)
Total net position (deficit)	$ (1,683,645)	$ (1,912,729)

During fiscal year 2015, the School adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the School's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the School's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the School is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from a deficit balance of $145,970 to a deficit balance of $1,912,729.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2015, the School's net position was a deficit balance of $1,683,645.

At year-end, capital assets represented 16.55% of total assets. Capital assets consisted of furniture, fixtures, equipment, and textbooks. Net position invested in capital assets at June 30, 2015, was $56,744. These capital assets are used to provide services to the students and are not available for future spending. The School had no capital related debt at June 30, 2015.

A portion of the School's net position, $38,249, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position was a deficit balance of $1,778,638.

RENAISSANCE ACADEMY
FRANKLIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015
(UNAUDITED)

The table below shows the changes in net position for fiscal year 2015 and 2014.

Change in Net Position

	2015	2014
Operating Revenues:		
State foundation	$ 1,494,963	$ 1,427,812
Total operating revenue	1,494,963	1,427,812
Operating Expenses:		
Salaries and wages	859,429	699,385
Fringe benefits	125,633	144,913
Purchased services	721,925	843,036
Materials and supplies	67,299	114,599
Other	28,005	21,357
Depreciation	18,925	49,337
Total operating expenses	1,821,216	1,872,627
Non-operating Revenues (Expenses):		
Grants and subsidies	546,173	369,640
Miscellaneous	34,047	20,836
Loss of disposal of capital assets	(23,476)	-
Interest and fiscal charges	(1,407)	-
Total non-operating revenues (expenses)	555,337	390,476
Change in net position	229,084	(54,339)
Net position (deficit) at beginning of year (restated)	(1,912,729)	N/A
Net position (deficit) at end of year	$ (1,683,645)	$ (1,912,729)

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of $92,742 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of $66,412.

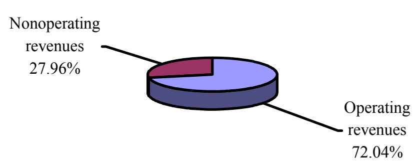
Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	$ 1,821,216
Pension expense under GASB 68	(66,412)
2015 contractually required contributions	114,636
Adjusted 2015 program expenses	1,869,440
Total 2014 program expenses under GASB 27	1,872,627
Decrease in program expenses not related to pension	$ (3,187)

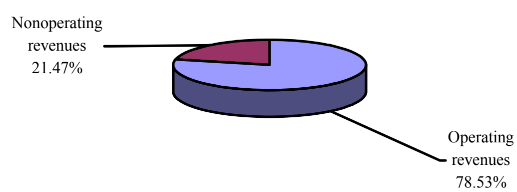
The School's foundation revenue increased $67,151, or 4.70%, from fiscal year 2014. Operating grant revenue increased due to the School's participation in the Straight A grant in fiscal year 2015. Operating expenses decreased $51,411, or 2.75%, primarily due to a decrease in purchased services and materials and supplies. These decreases were offset by an increase in salary and wages as the School added employees in fiscal year 2015.

The charts below illustrate the revenues and expenses for the School during fiscal 2015 and 2014.

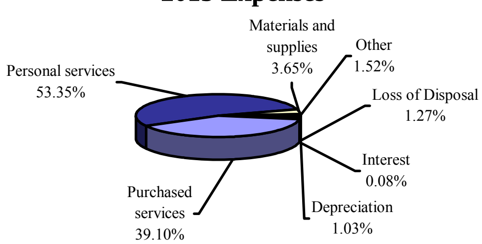
2015 Revenues



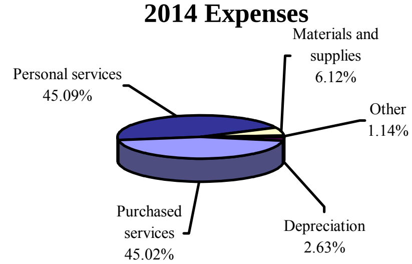
2014 Revenues



2015 Expenses



2014 Expenses



Capital Assets

At June 30, 2015, the School had $56,744 (net of accumulated depreciation) invested in furniture, fixtures, equipment, computers and textbooks. During fiscal year 2015, the School moved facilities and reported a disposal for leasehold improvements made at the former facility. See Note 6 to the basic financial statements for more detail on capital assets.

Debt Administration

At June 30, 2015, the School had an outstanding note payable for past rent payments and had an unemployment settlement obligation for past unemployment owed. These obligations are further described in Note 13 to the basic financial statements.

Current Financial Related Activities

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

Contacting the School's Financial Management

This financial report is designed to provide our clients and creditors with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional financial information contact Hueston Lauderman, Treasurer, Par Excellence School, 1555 Elaine Rd., Columbus, Ohio 43227.

RENAISSANCE ACADEMY
FRANKLIN COUNTY

STATEMENT OF NET POSITION
JUNE 30, 2015

Assets:		
Current assets:		
Cash and cash equivalents	$	119,716
Receivables:		
Intergovernmental		113,317
Prepayments		53,175
Total current assets		286,208
Non-current assets:		
Depreciable capital assets, net		56,744
Total assets		342,952
Deferred outflows of resources:		
Pension - STRS		90,874
Pension - SERS		38,503
Total deferred outflows of resources		129,377
Liabilities:		
Current liabilities:		
Accounts payable		25,912
Accrued wages and benefits		90,354
Pension and postemployment benefits payable		14,829
Intergovernmental payable		11,337
Unemployment settlement payable - current		13,908
Note payable - current		37,068
Total current liabilities		193,408
Non-current liabilities:		
Unemployment settlement payable		45,161
Note payable		69,493
Net pension liability (see Note 8 and 13)		1,564,999
Total non-current liabilities		1,679,653
Total liabilities		1,873,061
Deferred inflows of resources:		
Pension - STRS		235,600
Pension - SERS		47,313
Total deferred inflows of resources		282,913
Net position:		
Investment in capital assets		56,744
Restricted for:		
Restricted for federal programs		10,782
Restricted for food service operations		27,467
Unrestricted (deficit)		(1,778,638)
Total net position (deficit)	$	(1,683,645)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

RENAISSANCE ACADEMY
FRANKLIN COUNTY

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Operating revenues:	
Foundation revenue	$ 1,494,963
Total operating revenues	1,494,963
Operating expenses:	
Salaries and wages	859,429
Fringe benefits	125,633
Purchased services	721,925
Materials and supplies	67,299
Other	28,005
Depreciation	18,925
Total operating expenses	1,821,216
Operating loss	(326,253)
Non-operating revenues (expenses):	
Grants and subsidies	546,173
Miscellaneous	34,047
Interest and fiscal charges	(1,407)
Loss on disposal of capital assets	(23,476)
Total nonoperating revenues (expenses)	555,337
Change in net position	229,084
Net position (deficit) at beginning of year (restated)	(1,912,729)
Net position (deficit) at end of year	$ (1,683,645)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

RENAISSANCE ACADEMY
FRANKLIN COUNTY

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Cash flows from operating activities:	
Cash received from state foundation	$ 1,416,937
Cash payments for salaries and wages	(832,707)
Cash payments for fringe benefits	(152,389)
Cash payments for purchased services	(811,395)
Cash payments for materials and supplies	(84,025)
Cash payments for other expenses	(17,241)
Net cash (used in) operating activities	(480,820)
Cash flows from noncapital financing activities:	
Cash received from grants and subsidies	531,325
Cash received from miscellaneous receipts	32,267
Cash used in repayment of unemployment settlement	(10,431)
Principal retirement on note obligation	(8,981)
Interest and fiscal charges	(1,407)
Net cash provided by noncapital financing activities	542,773
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(51,073)
Net cash (used in) capital and related financing activities	(51,073)
Net increase in cash and cash equivalents	10,880
Cash and cash equivalents at beginning of year	108,836
Cash and cash equivalents at end of year	$ 119,716
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (326,253)
Adjustments:	
Depreciation	18,925
Changes in assets and liabilities:	
(Increase) in intergovernmental receivable	(78,026)
(Increase) in prepayments	(53,175)
(Increase) in deferred outflows - pension	(36,635)
(Decrease) in accounts payable	(132,244)
Increase in accrued wages and benefits	16,891
Increase in intergovernmental payable	11,337
Increase in unemployment settlement payable	69,500
Increase in notes payable	115,542
(Decrease) in accrued expenses payable	(83,358)
(Decrease) in net pension liability	(294,502)
Increase in deferred inflows - pension	282,913
Increase in pension and postemployment benefits payable	14,829
(Decrease) in withholding payable	(6,564)
Net cash (used in) operating activities	$ (480,820)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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NOTE 1 - DESCRIPTION OF THE SCHOOL

The Renaissance Academy, Inc., (the "School") is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The School's mission is to provide an orderly and supportive environment whereby students experience preparations for college, career and life. The School operates on a foundation, which fosters character building for all students, parents and staff members. The School, 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 School may acquire facilities as needed and contract for any services necessary for the operation of the School.

The School was approved for operation under a contract with Educational Resource Consultants of Ohio, Inc. ("ERCO") (the "Sponsor") for the period July 1, 2013 through June 30, 2015. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration. Sponsorship fees are calculated as a three percent of state funds received by the School from the State of Ohio. During fiscal year 2015, the School paid $41,925 in sponsorship fees to ERCO.

The School operates under the direction of a Governing Board. 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 populations, curriculum, academic goals, performance standards, admissions standards, and qualifications of teachers. The Governing Board controls the School's instructional and administrative staff.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental nonprofit organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School's significant accounting policies are described below.

A. Basis of Presentation

The School uses enterprise accounting to report on its financial activities. Enterprise accounting focuses on the determination of operating income, changes in net position, 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 and services.

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

B. Measurement Focus and Basis of Accounting

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources and all liabilities and deferred inflows of resources are included on the statement of net position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

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

C. Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School, deferred outflows of resources have been reported for the following two items related the School's net pension liability: (1) the difference between expected and actual experience of the pension systems, and (2) the School's contributions to the pension systems subsequent to the measurement date.

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School, deferred inflows of resources include the net difference between projected and actual earnings on pension plan investments related to the School's net pension liability.

D. Budgetary Process

Unlike other public schools located in the state of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided for in the School's sponsorship agreement. The contract between the School and its Sponsor requires a detailed budget for each year of the contract.

E. Cash and Cash Equivalents

All monies received by the School are deposited into demand deposit accounts.

F. Estimates

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

G. Capital Assets

Capital assets are capitalized at cost. The costs of additions are capitalized and expenditures for repairs and maintenance are expensed when incurred. When property is sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in additions to or deductions from Net Position. Deprecation of capital assets is calculated utilizing the straight-line method over the estimated useful lives of the assets, utilizing the half year convention with consideration given to the salvage value. The useful lives follow:

Asset	Useful Life
Textbooks	3 years
Furniture, Fixtures & Equipment	3 - 5 years
Leasehold Improvements	10 years

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

The School has an asset capitalization threshold policy of $500. Assets or certain asset groups not meeting the capitalization threshold are not capitalized and are not included in the assets represented in the accompany statement of net position. Computers and software acquired by the School are reported as a component of furniture, fixtures and equipment on the schedule of capital assets reported in Note 6.

H. Intergovernmental Revenues

The Academy currently participates in the State Foundation Program, the Straight "A" grant, the Race to the Top grant, IDEA Part B grant, the Title I grant, and the Title IIA grant. Revenue from the State Foundation Program is recognized as operating revenue in the accounting period in which all eligibility requirements have been met. Amounts awarded under State Foundation Program for the 2015 school year excluding federal and State grants totaled $1,494,963.

Revenues received from the remaining programs are recognized as non-operating revenues in the accompanying financial statements. Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. Eligibility includes timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the 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. State and federal grants revenue for the fiscal year 2015 received was $546,173.

I. Compensated Absences

Vacation is taken in a manner in which corresponds with the school calendar; therefore School does not accrue vacation time as a liability.

Sick/personal leave benefits are earned by full-time employees at the rate of eight days per year and cannot be carried into the subsequent years. No accrual for sick time is made since unused time is not paid to employees upon employment termination.

J. Accrued Liabilities

Current obligations incurred but unpaid at June 30th are reported as accrued liabilities in the accompanying financial statements which consisted of accounts payable, accrued wages and benefits, intergovernmental payable and pension and postemployment benefits payable, totaled $142,432 at June 30, 2015.

Long-term obligations of the School are reported in Note 13.

K. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. The School had no capital related debt at June 30, 2015. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

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

L. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activities of the School. For the School, these revenues are primarily the State Foundation program. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the School. Revenue and expenses not meeting this definition are reported as non-operating.

M. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net positon have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

N. Prepayments

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

NOTE 3 - CHANGES IN ACCOUNTING POLICIES

For fiscal year 2015, the School has implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27", GASB Statement No. 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. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for 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. 68 improves the accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The implementation of GASB Statement No. 68 affected the School's pension plan disclosures, as presented in Note 8, and added required supplementary information which is presented after the notes to the financial statements.

GASB Statement No. 71 improves the accounting and financial reporting by addressing an issue in GASB Statement No. 68, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities.

NOTE 3 - CHANGES IN ACCOUNTING POLICIES - (Continued)

A net position restatement is required in order to implement GASB Statement No 68 and 71. The governmental activities at July 1, 2014 have been restated as follows:

Net position (deficit) as previously reported	$ (145,970)
Deferred outflows - payments subsequent to measurement date	92,742
Net pension liability	(1,859,501)
Restated net position (deficit) at July 1, 2014	$ (1,912,729)

Other than employer contributions subsequent to the measurement date, the School made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

NOTE 4 - CASH AND CASH EQUIVALENTS

At June 30, 2015, the carrying amount of all Schools deposits was $119,716. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2015, the entire bank balance of $132,061 was covered by the Federal Deposit Insurance Corporation (FDIC).

The School had no deposit policy for custodial risk beyond the requirement of state statute. Ohio law requires that deposits either be insured or be protected by eligible securities pledged to and deposited either with the School or a qualified trustee by the financial institution as security for repayment or by a collateral pool of eligible securities deposited with a qualified trustee to secure repayment of all public monies deposited in the financial institution whose market value shall be at least 105% of deposits being secured. At June 30, 2015, none of the bank balance was exposed to custodial credit risk.

NOTE 5 - INTERGOVERNMENTAL RECEIVABLE

The School had intergovernmental receivables totaling $113,317 at June 30, 2015. These receivables consist of Title I, IDEA Part B, and Race to the Top revenues earned, but not received as of June 30, 2015.

NOTE 6 - CAPITAL ASSETS AND DEPRECIATION

For the period ending June 30, 2015, the School's capital assets consisted of the following:

	Balance 6/30/14	Additions	Deductions	Balance 6/30/15
Capital assets, being depreciated				
Furniture, fixtures and equipment	$ 191,812	$ 51,073	$ -	$ 242,885
Textbooks	19,691	-	-	19,691
Leasehold improvements	44,110	-	(44,110)	-
Total capital assets, being depreciated	255,613	51,073	(44,110)	262,576
Less: Accumulated Depreciation				
Furniture, fixtures and equipment	(174,903)	(15,082)	-	(189,985)
Textbooks	(12,004)	(3,843)	-	(15,847)
Leasehold improvements	(20,634)	-	20,634	-
Total accumulated depreciation	(207,541)	(18,925)	20,634	(205,832)
Net Capital Assets	$ 48,072	$ 32,148	$ (23,476)	$ 56,744

NOTE 7 - RISK MANAGEMENT

A. Property & Liability

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year ending June 30, 2015, the School obtained private insurance coverage for property and general liability in the following coverage amounts:

Damages to Rented Premises	$ 50,000
General Liability	
Each Occurrence	1,000,000
Aggregate	3,000,000
Employment Dishonesty Liability	25,000
Personal Injury	1,000,000

Settlement amounts have not exceeded coverage amounts in each of the past three years. There has been no reduction in coverage from the prior fiscal year.

B. Workers' Compensation

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

NOTE 7 - RISK MANAGEMENT - (Continued)

C. Employee Medical and Dental Benefits

The School provides medical, vision, and dental insurance benefits through Anthem to all fulltime employees. During the School year, the School paid 60% of the monthly premiums for all employees.

NOTE 8 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the School's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the School's obligation for this liability to annually required payments. The School cannot control benefit terms or the manner in which pensions are financed; however, the School does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *pension and postemployment benefits payable* on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description – School non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. 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 Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The School's contractually required contribution to SERS was $36,022 for fiscal year 2015.

Plan Description - State Teachers Retirement System (STRS)

Plan Description –School licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. 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 DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The School was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

The School's contractually required contribution to STRS was $78,614 for fiscal year 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the School's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportionate share of the net pension liability	$ 291,510	$ 1,273,489	$ 1,564,999
Proportion of the net pension liability	0.00576000%	0.00523564%	
Pension expense	$ 17,013	$ 49,399	$ 66,412

At June 30, 2015, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 2,481	$ 12,260	$ 14,741
School contributions subsequent to the measurement date	36,022	78,614	114,636
Total deferred outflows of resources	$ 38,503	$ 90,874	$ 129,377
Deferred inflows of resources			
Net difference between projected and actual earnings on pension plan investments	$ 47,313	$ 235,600	$ 282,913

$114,636 reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016.

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2016	$ (11,208)	$ (55,835)	$ (67,043)
2017	(11,208)	(55,835)	(67,043)
2018	(11,208)	(55,835)	(67,043)
2019	(11,208)	(55,835)	(67,043)
Total	$ (44,832)	$ (223,340)	$ (268,172)

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	100.00 %	

Discount Rate The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School's proportionate share of the net pension liability	$ 415,899	$ 291,510	$ 186,889

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
The following table presents the School's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School's proportionate share of the net pension liability	$ 1,823,138	$ 1,273,489	$ 808,671

NOTE 9 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Health Care Plan Description - The School contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) 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 as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. 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.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was $20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2015, the School's surcharge obligation was $2,179.

The School's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were $3,432, $1,324, and $1,334, respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.

NOTE 9 - POSTEMPLOYMENT BENEFITS - (Continued)

B. State Teachers Retirement System

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS 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. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to post-employment health care. The School's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were $0, $5,349, and $4,428 respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.

NOTE 10 - CONTINGENCIES

A. Grants

The School received financial assistance from State agencies in the form of grants. The expense of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School at June 30, 2015.

B. Litigation

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

C. State Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, schools 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, which can extend past the fiscal year end. At June 30, 2015, the School has reported a $78,026 intergovernmental receivable from the Ohio Department of Education on the basic financial statements. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 Foundation funding for the School; therefore, the full financial statement impact is not determinable as this time. ODE and management believe that any future enrollment adjustments will result if either a receivable to or liability of the School.

NOTE 11 - PURCHASED SERVICES

For the period of July 1, 2014 through June 30, 2015, the School made the following purchased services commitments:

Professional and technical services	$ 173,636
Property services	212,751
Travel mileage/meeting expense	5,457
Communications	131,245
Utilities	21,338
Contracted craft or trade	118,909
Pupil transportation	15,345
Other	43,244
Total purchased services	$ 721,925

NOTE 12 - OPERATING LEASES

In July 2014, the School entered into a lease agreement with the Catholic Diocese for the lease of property at 1555 Elaine Road, Columbus, Ohio 43227. The term of the lease agreement is for the three year period July 1, 2014 through June 30, 2017. During fiscal year 2015, the School was required to pay $82,500 in lease payments.

A schedule of the future lease payments required under the operating lease at June 30, 2015 follows:

Fiscal Year Ending June 30,	Amount
2016	$ 91,800
2017	96,636
Total	$ 188,436

NOTE 13 - LONG-TERM OBLIGATIONS

The Academy's long-term obligations during the year consist of the following:

	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015	Amounts Due in One Year
Net pension liability:					
STRS	$ 1,516,972	$ -	$ (243,483)	$ 1,273,489	$ -
SERS	342,529	-	(51,019)	291,510	-
Total net pension liability	1,859,501	-	(294,502)	1,564,999	-
Note payable	-	115,542	(8,981)	106,561	37,068
Unemployment settlement	-	69,500	(10,431)	59,069	13,908
Total long-term obligations	$ 1,859,501	$ 185,042	$ (313,914)	$ 1,730,629	$ 50,976

See Note 3 and Note 8 for information on the Academy's net pension liability.

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

On April 29, 2015, the School entered into a Settlement Agreement and Mutual Release with Eastland Center, LLC for past rental payments owed by the School on the former leased property at 4300 Kimberly Parkway, Columbus, Ohio. The School signed a note payable in the amount of $115,542 with an interest rate of 5 percent and a maturity date of April 30, 2018. The future payments required under the note payable follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	$ 37,068	$ 4,487	$ 41,555
2017	38,965	2,590	41,555
2018	30,528	638	31,166
Total	$ 106,561	$ 7,715	$ 114,276

On October 27, 2015, the School entered into a Settlement Agreement with the Ohio Attorney General for repayment of unemployment compensation liabilities. The settlement, in the amount of $69,500, requires payments of $1,159 per month for 60 months. The School recognized $12,775 in miscellaneous non-operating revenue as a result of the debt extinguishment. During fiscal year 2015, the School paid $10,431 on this liability. The future payments required under the note payable follows:

Fiscal Year Ending June 30,	Principal
2016	$ 13,908
2017	13,908
2018	13,908
2019	13,908
2020	3,437
Total	$ 59,069

REQUIRED SUPPLEMENTARY INFORMATION

RENAISSANCE ACADEMY
FRANKLIN COUNTY

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE ACADEMY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TWO FISCAL YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	2014	2013
Academy's proportion of the net pension liability	0.00576000%	0.00576000%
Academy's proportionate share of the net pension liability	$ 291,510	$ 342,529
Academy's covered-employee payroll	$ 167,388	$ 152,746
Academy's proportionate share of the net pension liability as a percentage of its covered-employee payroll	174.15%	224.25%
Plan fiduciary net position as a percentage of the total pension liability	71.70%	65.52%

Note: Information prior to fiscal year 2013 was unavailable.

RENAISSANCE ACADEMY
FRANKLIN COUNTY

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE ACADEMY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TWO FISCAL YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	2014	2013
Academy's proportion of the net pension liability	0.00523564%	0.00523564%
Academy's proportionate share of the net pension liability	$ 1,273,489	$ 1,516,972
Academy's covered-employee payroll	$ 534,938	$ 442,846
Academy's proportionate share of the net pension liability as a percentage of its covered-employee payroll	238.06%	342.55%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	69.30%

Note: Information prior to fiscal year 2013 was unavailable.

RENAISSANCE ACADEMY
FRANKLIN COUNTY

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF ACADEMY CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	2015	2014	2013	2012	2011	2010
Contractually required contribution	$ 36,022	$ 23,200	$ 21,140	$ 27,420	$ 32,061	$ 32,049
Contributions in relation to the contractually required contribution	(36,022)	(23,200)	(21,140)	(27,420)	(32,061)	(32,049)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Academy's covered-employee payroll	$ 273,308	$ 167,388	$ 152,746	$ 203,866	$ 255,060	$ 236,699
Contributions as a percentage of covered-employee payroll	13.18%	13.86%	13.84%	13.45%	12.57%	13.54%

Note: The Academy began operations in fiscal year 2010.

RENAISSANCE ACADEMY
FRANKLIN COUNTY

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF ACADEMY CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	2015	2014	2013	2012	2011	2010
Contractually required contribution	$ 78,614	$ 69,542	$ 57,570	$ 81,744	$ 134,435	$ 94,995
Contributions in relation to the contractually required contribution	(78,614)	(69,542)	(57,570)	(81,744)	(134,435)	(94,995)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Academy's covered-employee payroll	$ 561,529	$ 534,938	$ 442,846	$ 628,800	$ 1,034,115	$ 730,731
Contributions as a percentage of covered-employee payroll	14.00%	13.00%	13.00%	13.00%	13.00%	13.00%

Note: The Academy began operations in fiscal year 2010.

RENAISSANCE ACADEMY
FRANKLIN COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(SEE ACCOUNTANT'S COMPILATION REPORT)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Information about factors that significantly affect trends in the amounts reported in the schedules should be presented as notes to the schedule.

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for fiscal year 2014 and 2015.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014 and 2015. See the notes to the basic financial statements for the methods and assumptions in this calculation.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for fiscal year 2014 and 2015.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014 and 2015. See the notes to the basic financial statements for the methods and assumptions in this calculation.

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

Renaissance Academy
Franklin County
1555 Elaine Road
Columbus, Ohio 43227

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the business-type activities of the Renaissance Academy, Franklin County, Ohio, (the School) as of and for the year ended June 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated September 29, 2016, wherein we noted the School adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contribution Made Subsequent to the Measurement Date.*

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.

88 East Broad Street, Tenth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-3402 or 800-443-9275 Fax: 614-728-7199
www.ohioauditor.gov

Compliance and Other Matters

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

Purpose of this Report

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

Dave Yost
Auditor of State
Columbus, Ohio

September 29, 2016

RENAISSANCE ACADEMY
FRANKLIN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2015

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***
2014-001	Financial Statement Presentation	Yes	

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RENAISSANCE ACADEMY

FRANKLIN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
OCTOBER 25, 2016