OHIO VIRTUAL ACADEMY
LUCAS COUNTY

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

Dave Yost · Auditor of State

Board of Directors
Ohio Virtual Academy
1690 Woodlands Dr, Ste 200
Maumee, Ohio 43537

We have reviewed the *Independent Auditor's Report* of the Ohio Virtual Academy, Lucas County, prepared by Weber O'Brien Ltd., for the audit period July 1, 2014 through June 30, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Ohio Virtual Academy is responsible for compliance with these laws and regulations.

Dave Yost

Dave Yost
Auditor of State

April 7, 2016

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OHIO VIRTUAL ACADEMY
LUCAS COUNTY

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Ohio Virtual Academy
Lucas County
1690 Woodlands Drive Suite 200
Maumee, Ohio 43537

Report on the Financial Statements

We have audited the accompanying financial statements of the Ohio Virtual Academy, Lucas County ("Academy") as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise the Academy's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The Board of Trustees
Ohio Virtual Academy
Lucas County

Opinion

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

Emphasis of Matter

As described in Note 3 to the financial statements, the Academy adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 – 8 and the supplemental pension disclosure information on pages 31 - 35 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.

The Board of Trustees
Ohio Virtual Academy
Lucas County

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Ohio Virtual Academy, Lucas County's basic financial statements. The schedule of federal awards, receipts and expenditures on page 36 is presented for purposes 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 basic financial statements. The schedule of federal awards, receipts and expenditures is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements of to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of federal awards, receipts and expenditures is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2016, on our consideration of the Ohio Virtual Academy, Lucas County'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* in considering Ohio Virtual Academy, Lucas County's internal control over financial reporting and compliance.

January 28, 2016

The discussion and analysis of Ohio Virtual Academy's (the Academy) financial performance provides an overall review of the financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole. Readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the Academy's financial performance.

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

Financial Highlights

Key financial highlights for 2015 are as follows:

- Total net position was ($45,958,813) as of June 30, 2015, which is a $200,304 decrease from restated net position of ($45,758,509) at June 30, 2014.

- Due to a decrease in enrollment, total revenue decreased from $94,111,350 in fiscal year 2014 to $82,945,385 in fiscal year 2015.

- Similarly, total program expenses decreased from $93,050,838 in fiscal year 2014 to $83,145,689 in fiscal year 2015.

- Current liabilities increased $3,163,602 with cash and other current assets increasing $2,294,440 in 2015.

Using this Financial Report

This report consists of three parts: the MD&A, the basic financial statements, and notes to those statements. The basic financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows.

Reporting the Academy as a Whole

One of the most important questions asked about the Academy is, "As a whole, what is the Academy's financial condition as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position, which appear first in the Academy's financial statements, report information on the Academy as a whole and its activities in a way that helps answer this question. These statements are prepared to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the Academy's net position – the difference between assets and liabilities, as reported in the Statement of Net Position – as one way to measure the Academy's financial health or financial position. Over time, increases or decreases in the Academy's net position – as reported in the Statement of Net Position – are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the Academy's operating results. However, the Academy's goal is to provide services to students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the school, to assess the overall health of the Academy.

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report the activities for the Academy, which encompass all the Academy's services, including instruction, support services and community services. Unrestricted state aid and state and federal grants finance most of these activities.

Table 1 provides a summary of the Academy's net position for fiscal year 2015 and fiscal year 2014:

Table 1

Net Position

	2015	2014
Assets:		
Cash and Other Current Assets	$9,234,710	$6,940,270
Capital Assets, Net	16,358	4,559
Total Assets	9,251,068	6,944,829
Deferred Outflows of Resources:		
Pension	2,727,301	2,348,287
Total Deferred Outflows of Resources	2,727,301	2,348,287
Liabilities:		
Current Liabilities	8,793,983	5,630,381
Long-term Liabilities	41,532,527	49,421,244
Total Liabilities	50,326,510	55,051,625
Deferred Inflows of Resources:		
Pension	7,610,672	0
Total Deferred Inflows of Resources	7,610,672	0
Net Position:		
Invested in Capital Assets	16,358	4,559
Unrestricted	(45,975,171)	(45,763,068)
Total Net Position	($45,958,813)	($45,758,509)

Cash and other current assets increased by $2,294,440 in 2015. This is related to a decrease in cash offset by an increase in receivables. In addition, current liabilities increased by $3,163,602 year over year. This is related to the timing of payments to the management company.

In addition, Capital Assets, Net increased by $11,799 from 2014 to 2015. The increase equals additions to fixed assets, less depreciation for the year.

During 2015, the Academy 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 Academy'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 Academy'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 Academy 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 Academy's statements, prepared on the accrual basis of accounting, include an annual pension expense for its 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 Academy 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 $1,314,448 to ($45,758,509).

Table 2 shows the changes in net position for fiscal year 2015 and fiscal year 2014, as well as a listing of revenues and expenses:

Table 2

Changes in Net Position

	2015	2014
Operating Revenue		
Foundation	$63,341,416	$74,184,804
Special Education	10,851,571	10,794,039
Other Operating Revenue	103,967	46,453
Non-Operating Revenue		
Grants and Program Initiatives	8,648,431	9,086,054
Total Revenue	82,945,385	94,111,350
Operating Expenses		
Salaries	16,756,766	17,280,122
Fringe Benefits	4,512,984	5,559,039
Purchased Services	51,496,791	58,656,276
Materials and Supplies	9,534,806	10,809,916
Depreciation	9,608	5,637
Other Operating Expenses	834,734	739,848
Total Expenses	83,145,689	93,050,838
Total Increase/(Decrease) in Net Position	$(200,304)	$1,060,512

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, the 2014 functional expenses still include pension expense of $2,348,287 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 $1,673,992. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	$83,145,689
Pension expense under GASB 68	(1,673,992)
2015 contractually required contribution	2,331,051
Adjusted 2015 program expenses	83,802,748
Total 2014 program expenses under GASB 27	93,050,838
Decrease in program expenses not related to pension	($9,248,090)

The revenue generated by a community school is almost entirely dependent on the per-pupil allotment given by the State foundation and from Federal entitlement programs.

For the Academy, the total revenue decreased 12% and total expenses decreased 11% from fiscal year 2014 to fiscal year 2015. The decrease in foundation revenue is a result of decreased enrollment.

Special Education revenue is weighted based on the category of disability of the Special Education students enrolled in the Academy. The increase of 1% in Special Education revenue is due to an increase in Special Education students and the severity of the disabilities of the students enrolled in the Academy.

Non-operating revenue decreased by $437,623. Awards such as IDEA, Title I, and Title IIA increased and new awards were received for School Improvement Sub A and Title III, while there was a decrease in the Race to the Top Grant, School Improvement Grant and casino tax revenue.

Overall, the decrease of $9,905,149 in total expenses for the Academy is related to a decrease in enrollment.

Capital Assets

At the end of fiscal year 2015, the Academy had $16,358 net of depreciation invested in furniture and equipment. Most of this equipment is computers and related items.

Current Financial Related Activities

The Academy's financial outlook over the next several years should remain steady as enrollment is maintained. The management team and Board of Trustees intend to continue their good stewardship of public funds by keeping appropriate levels of working capital and net position.

Contacting the Academy's Financial Management

This financial report is designed to provide all stakeholders with a general overview of the Academy's finances. Questions concerning any of the information in this report or requests for additional information should be directed to Kate Diu, School Treasurer, Ohio Virtual Academy, 1690 Woodlands Drive, Suite 200, Maumee, OH 43537.

OHIO VIRTUAL ACADEMY
LUCAS COUNTY

STATEMENT OF NET POSITION
JUNE 30, 2015

Assets	
Current Assets	
Cash and Cash Equivalents	$ 569,053
Prepaid Assets	91,953
Accounts Receivable	22,043
Intergovernmental Receivable	8,551,661
Total Current Assets	9,234,710
Non-Current Assets	
Capital Assets:	
Depreciable Capital Assets, Net	16,358
Total Assets	9,251,068
Deferred Outflows of Resources	
Pension	2,727,301
Liabilities	
Current Liabilities	
Accounts Payable	6,399,564
Accrued Wages and Benefits	1,811,215
Intergovernmental Payable	583,204
Total Current Liabilities	8,793,983
Long-Term Liabilities	
Net Pension Liability	41,532,527
Total Liabilities	50,326,510
Deferred Inflows of Resources	
Pension	7,610,672
Net Position	
Invested in Capital Assets	16,358
Unrestricted	(45,975,171)
Total Net Position	($45,958,813)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OHIO VIRTUAL ACADEMY
LUCAS COUNTY

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

Operating Revenues	
Foundation Payments	$63,341,416
Special Education	10,851,571
Other Revenues	103,967
Total Operating Revenues	74,296,954
Operating Expenses	
Salaries	16,756,766
Fringe Benefits	4,512,984
Purchased Services	51,496,791
Materials and Supplies	9,534,806
Depreciation	9,608
Other	834,734
Total Operating Expenses	83,145,689
Operating Loss	(8,848,735)
Non-Operating Revenues	
Grants Received – Federal	7,965,890
Grants Received – State & Local	682,541
Total Non-Operating Revenues	8,648,431
Change in Net Position	(200,304)
Net Position Beginning of Year – Restated (See Note 3)	(45,758,509)
Net Position End of Year	($45,958,813)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OHIO VIRTUAL ACADEMY
LUCAS COUNTY

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

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities	
Cash Received from Special Education	$10,851,571
Cash Received from Others	43,335
Cash Received from Foundation Payments	62,578,483
Cash Payments to Suppliers for Goods and Services	(57,215,142)
Cash Payments to Employees for Services	(16,775,434)
Cash Payments for Employee Benefits	(5,844,679)
Cash Payments to Others	(808,704)
Net Cash Used for Operating Activities	(7,170,570)
Cash Flows from Noncapital Financing Activities	
Grants Received – Federal	1,485,013
Grants Received – State & Local	682,541
Net Cash Provided by Noncapital Financing Activities	2,167,554
Cash Flows from Capital and Related Financing Activities	
Payments for Capital Acquisitions	(21,407)
Net Decrease in Cash and Cash Equivalents	(5,024,423)
Cash and Cash Equivalents at Beginning of Year	5,593,476
Cash and Cash Equivalents at End of Year	$ 569,053

(Continued)

OHIO VIRTUAL ACADEMY
LUCAS COUNTY

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

Reconciliation of Operating Loss to Net Cash Used for Operating Activities

Operating Loss	$(8,848,735)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities	
Depreciation	9,608
Changes in Assets and Liabilities	
Decrease in Accounts Receivable	57,590
(Increase) in Prepaid Items	(83,819)
(Increase) in Intergovernmental Receivable	(811,757)
(Increase) in Deferred Outflows	(379,014)
Increase in Accounts Payable	3,802,188
(Decrease) in Accrued Wages and Benefits	(221,615)
(Decrease) in Intergovernmental Payable	(416,971)
(Decrease) in Net Pension Liability	(7,888,717)
Increase in Deferred Inflows	7,610,672
Total Adjustments	1,678,165
Net Cash Used for Operating Activities	$(7,170,570)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

1. DESCRIPTION OF THE ACADEMY AND REPORTING ENTITY

Ohio Virtual Academy (the Academy) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The Academy offers home-based public education for Ohio children in grades K-12. Parents, community leaders, and educators are working with the Academy to help provide an excellent education option. 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 was approved for operation under a contract with the Ohio Council of Community Schools (formerly known as the University of Toledo Charter School Council) (the Sponsor) for a period of ten academic years commencing on July 1, 2007. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration (see Note 18).

The Academy operates under the direction of a ten-member Board of Directors. The Board is responsible for carrying out the provisions of the contract that include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Board oversees the Academy's instructional/support staff of 28 administrative and 426 certificated teaching and other personnel who provide services to approximately 11,214 students.

The Academy contracts with K12 Inc. for a variety of services including management of personnel and human resources, the program of instruction, technology, marketing, data management, purchasing, strategic planning, public relations, financial reporting, recruiting, compliance issues, budgets, contracts, and equipment for teachers and students (see Notes 16 and 17).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Academy 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 more significant of the Academy's accounting policies are described below:

A. Basis of Presentation

The Academy's basic financial statements consist of a Statement of Net Position; a Statement of Revenues, Expenses, and Changes in Net Position; and a Statement of Cash Flows. Enterprise fund reporting focuses on the determination of the change in net position, financial position, and cash flows.

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 Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The Statement of Cash Flows provides information about how the Academy finances and meets the cash flow needs of its enterprise activities.

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 used for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

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 Academy, deferred outflows of resources have been reported for the following two items related the Academy's net pension liability: (1) the difference between expected and actual experience of the pension systems, and (2) the Academy'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 Academy, deferred inflows of resources include the net difference between projected and actual earnings on pension plan investments related to the Academy'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, except under Ohio Revised Code Section 5705.391, the Academy must prepare a five year spending plan and submit it to the Ohio Superintendent of Public Instruction. In addition, the Sponsor does prescribe an annual budget requirement in addition to preparing the five year spending plan which is to be updated on an annual basis.

E. Cash and Cash Equivalents

All monies received by the Academy are maintained in a demand deposit account.

F. Capital Assets and Depreciation

Capital assets are capitalized at cost and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the dates received. The Academy maintains a capitalization threshold of over $1,000 for all assets, except leased assets. Leased assets with a purchase price of $5,000 or less will not be capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Depreciation of capital assets is computed using the straight-line method and the Academy utilizes the useful lives established by the IRS.

G. Intergovernmental Revenues

The Academy currently participates in the State Foundation Program and the Special Education Program. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met. For the fiscal year ended June 30, 2015 State Foundation Program revenue was $63,341,416 and revenue from the Special Education Program was $10,851,571.

Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met and they are earned and measurable.

Eligibility requirements include 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.

The Academy also participates in various state and federal operating grants. Grants awarded in 2015 included the following: IDEA: $2,520,144, Title I: $4,947,311, Title IIA: $80,363, School Improvement Sub A: $65,642, Title III LEP: $14,609, School Improvement Grant: $110,653 and Race to the Top: $227,168.

Amounts awarded under the above named programs for the 2015 year totaled $82,158,877.

H. Accrued Liabilities Payable

The Academy has recognized certain liabilities on its statement of net position relating to expenses which are due but unpaid as of June 30, 2015 including: accounts and intergovernmental payables.

I. Net Position

Net position represents the difference between assets and liabilities. Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. The Academy has no debt. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

J. 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 position 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.

3. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

For fiscal year 2015, the Academy implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions” and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68.” GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure.

The implementation of this pronouncement had the following effect on net position as reported at June 30, 2014:

Net position June 30, 2014	$1,314,448
Adjustments:	
Net Pension Liability	(49,421,244)
Deferred Outflow – Payments Subsequent to Measurement Date	2,348,287
Restated Net Position June 30, 2014	($45,758,509)

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

4. DEPOSITS

At June 30, 2015, the carrying amount of the Academy's deposits totaled $569,053 and its bank balance was $1,443,043. Based on the criteria described in GASB Statement No. 40, *"Deposit and Investment Risk Disclosure",* as of June 30, 2015, $1,121,797 of the bank balance was exposed to custodial credit risk as discussed below, while $321,246 was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that in the event of bank failure, the Academy will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Academy.

5. RECEIVABLES

Receivables at June 30, 2015 mostly consisted of Federal grant revenues receivable which are considered collectible in full, due to the stable condition of State programs, and the current year guarantee of Federal funds. Receivables are listed as follows:

Program/Vendor	Amount
Title I	$4,947,312
SI Sub A	65,642
Title III LEP	7,064
Race to the Top	17,560
School Improvement	110,653
IDEA	2,507,063
Foundation	816,337
Title II-A	80,030
Total Intergovernmental Receivable	8,551,661
Other Receivables	22,043
Total Receivables	$8,573,704

6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015:

	Balance 06/30/14	Additions	Deletions	Balance 06/30/15
Furniture, Fixtures & Equipment	$37,222	$21,407	$0	$58,629
Less: Accumulated Depreciation	(32,663)	(9,608)	0	(42,271)
Capital Assets, Net	$ 4,559	$11,799	$0	$16,358

7. LONG-TERM OBLIGATIONS

	Balance 06/30/14	Additions	Deductions	Balance 06/30/15	Due Within One Year
Net Pension Liability:					
STRS	$45,642,604	$0	$7,325,902	$38,316,702	$0
SERS	3,778,640	0	562,815	3,215,825	0
Total Net Pension Liability	$49,421,244	$0	$7,888,717	$41,532,527	$0

8. INSTRUCTION

Approximately 82 percent of operating expenditures are used to provide direct instruction to students. Costs by various categories are as follows:

Service Type	Total
Teacher Salaries, Benefits & Expenses	$22,639,984
Web Based Software - Curriculum	20,156,434
Student Computers, Internet & Technology	8,473,286
Instructional Materials Expense	9,288,731
Pupil Support Salaries, Benefits & Expenses	3,820,807
Special Education Services	3,594,136
Total	$67,973,378

9. RISK MANAGEMENT

A. Property and Liability

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For the fiscal year ended June 30, 2015, the Academy obtained insurance through broker Brooks Insurance Agency, Inc. with the following insurance coverage:

Commercial General Liability per Occurrence	$1,000,000
Commercial General Liability Aggregate	$2,000,000
Umbrella Liability per Occurrence	$4,000,000
Umbrella Liability Aggregate	$4,000,000

B. Workers' Compensation

The Academy pays the State Workers' 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.

C. Employee Medical, Dental, Vision, Prescription and Life Benefits

The Academy is self-insured for employee health care benefits, including prescription drug coverage, for all of its employees. The health care benefits program is administered by United Health Group, Inc., which provides claims review and processing services. The self-insurance program is reported in the school-wide pool. The Academy purchases stop loss coverage; therefore, the Academy is not responsible for claims within the plan's limits that exceed $75,000 per participant.

The liability for unpaid claims of $342,275 included in Accrued Wages and Benefits and reported in the school-wide pool at June 30, 2015 is based on the requirements of GASB Statement No. 10, *"Accounting and Financial Reporting for Risk Financing and Related Insurance Issues,"* as amended by GASB Statement No. 30, *"Risk Financing Omnibus,"* which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. Estimates were calculated based upon an independent actuarial evaluation of claims payable.

The Academy's claims are paid by United Health Group, Inc. The Academy reimburses United Health Group for the expenses and allocates costs among funds based on claims approved by the claims administrator. For the year ending June 30, 2015, claims reported but unpaid were $16,275 and the incurred but not reported claims were determined to be $326,000.

Changes in the claims liability amount in 2015 and 2014 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
2015	$497,383	$2,064,974	$2,220,082	$342,275
2014	$518,782	$2,062,732	$2,084,131	$497,383

The Academy has contracted with private carriers to provide dental, vision, and life insurance to its employees.

10. 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 Academy'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 Academy's obligation for this liability to annually required payments. The Academy cannot control benefit terms or the manner in which pensions are financed; however, the Academy 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 intergovernmental payable on the accrual basis of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description
The Academy's 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.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or Before August 1, 2017*	Eligible to Retire on or 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 of 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 years 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 Academy 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 ending June 30, 2015, the allocation to pension, death benefits and Medicare B was 13.18 percent. The remaining .82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The Academy's contractually required contributions to SERS were $221,327 for fiscal year 2015. Of this amount $24,554 was recorded as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description
The Academy's 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 website at www.strsoh.org.

New members have a choice of three retirement plans: a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. 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 service. 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 are 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 Academy 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.

The Academy's contractually required contribution to STRS was $2,109,724 for fiscal year 2015. Of this amount $52,398 was reported as an intergovernmental payable.

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 Academy's proportion of the net pension liability was based on the Academy'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	$3,215,825	$38,316,702	$41,532,527
Proportion of the Net Pension Liability	.063542%	.157529%	
Pension Expense	$ 187,665	$1,486,327	$1,673,992

At June 30, 2015, the Academy 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	$ 27,370	$ 368,880	$ 396,250
Academy contributions subsequent to the measurement date	221,327	2,109,724	2,331,051
Total Deferred Outflows of Resources	$248,697	$2,478,604	$2,727,301
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$521,937	$7,088,735	$7,610,672

$2,331,051 reported as deferred outflows of resources related to pension resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. 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	($123,642)	($1,679,964)	($1,803,606)
2017	(123,642)	(1,679,964)	(1,803,606)
2018	(123,642)	(1,679,964)	(1,803,606)
2019	(123,642)	(1,679,964)	(1,803,606)
Total	($494,568)	($6,719,856)	($7,214,424)

Actuarial Assumptions – SERS

SERS' total pension liability was determined by its actuaries in accordance with GASB Statement No. 67, as part of its 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	3.00 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.

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 average 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 asset 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 Academy'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%)
Academy's proportionate share of the net pension liability	$4,588,027	$3,215,825	$2,061,685

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	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 payments to determine the total pension liability as of June 30, 2014.

Sensitivity of the Academy's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
The following table presents the Academy'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 Academy'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%)
Academy's proportionate share of the net pension liability	$54,854,536	$38,316,702	$24,331,259

11. POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

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

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

The Ohio Revised Code provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plan.

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 105(e). Each year after the allocation for statutorily required pensions and benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund to be used to subsidize the cost of health care coverage. For the year ended June 30, 2015, the health care allocation is .82%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. By statute 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 2015, the minimum compensation level was established at $20,450. 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's contributions assigned to health care for the years ended June 30, 2015, 2014, and 2013 were $15,084, $4,476 and $11,002, respectively.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial report of SERS' Health Care plan is included in its Comprehensive Annual Financial Report. The report can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

B. State Teachers Retirement System

Plan Description – STRS Ohio administers a pension plan that is comprised of: a Defined Benefit Plan, a self-directed Defined Contribution Plan, and a Combined Plan that is a hybrid of the Defined Benefit Plan and the Defined Contribution Plan.

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums.

Pursuant to Chapter 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs with be absorbed by STRS Ohio. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent *Comprehensive Annual Financial Report* by visiting www.strsoh.org or by requesting a copy by calling toll-free 1-888-227-7877.

Funding Policy – Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 0% of covered payroll was allocated to post-employment health care for the year ended June 30, 2015. For the years ended June 30, 2014 and 2013, 1% of covered payroll was allocated to post-employment health care. The 14% employer contribution rate is the maximum rate established under Ohio law. Contributions were $0, $154,817 and $155,012 for the years ended June 30, 2015, 2014 and 2013, respectively, which equaled the required contributions for each year.

12. CONTINGENCIES

A. Grants

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

B. State Foundation Funding

Community School Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. 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 Academy, which can extend past the fiscal year end. 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 Academy; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the Academy.

13. OPERATING LEASES

The Academy leases an office facility under an operating lease. The terms of this lease end June 30, 2017. Total lease payments were $146,978 for the year ended June 30, 2015. The future minimum lease payments, excluding taxes and common area operating expenses, for this lease are as follows:

	Total
Fiscal Year Ending June 30, 2016	$149,457
Fiscal Year Ending June 30, 2017	149,457
Total Minimum Lease Payments	$298,914

14. PURCHASED SERVICE EXPENSES

For the fiscal year ended June 30, 2015, purchased service expenses were payments for services rendered by various vendors, as follows:

Service Type	Total
Professional/Technical Services	$42,784,175
Property Services	7,355,078
Travel	815,232
Communications	519,166
Contracted Trade Services	23,140
Total	$51,496,791

15. TAX EXEMPT STATUS

The Academy was approved for tax exempt status under § 501(c)(3) of the Internal Revenue Code.

16. MANAGEMENT AGREEMENT

The Academy entered into a ten-year contract, effective July 1, 2007 through June 30, 2017, with K12 Inc. for educational, administrative and technology services. Per the management agreement, K12 Inc. is entitled to 12 percent of revenues as an administrative fee (management) and 7 percent of revenues as a technology fee. The educational services are purchased at the prevailing rate charged by K12 Inc. to its partner schools. Terms of the contract require K12 Inc. to provide the following:

A. Administrative services:
- Personnel and facility management
- Administration of all business aspects and day-to-day management of the Academy
- Budgeting and financial reporting and the annual reports
- Maintenance of financial and student records
- Pupil recruitment, admissions and student discipline
- Rules and procedures and nondiscrimination requirements
- Public relations

B. Technology services:
- Integrate technology and data systems with Academy's curriculum
- Monitor and analyze data, as necessary
- Report on pupils' academic performance
- Seek and secure competitive pricing and discounts for Academy, as available
- Provide training to staff, parents, and students as deemed necessary
- Develop, design, publish and maintain the Academy's interactive website
- Supervise installation of Academy's internal computer and telephone network
- Negotiate contracts with computer, printer, student information system, software and office set-up vendors
- Determine hardware configurations for the Academy's technology needs
- Support administrators in troubleshooting system errors

C. Educational services:
- Curriculum
- Instructional tools
- Additional educational services

As of June 30, 2015, payments to K12 Inc. totaled $47,550,563 with $5,605,664 still outstanding for all services as of June 30, 2015. The breakdown is as follows:

Service Type	Total
Management Fee	$ 8,280,150
Web Based Software - Curriculum	20,466,107
Instructional Materials Usage	8,919,831
Teacher Instructional Materials	7,810
Technology Services Fee	4,830,088
Student Computers - Lease	5,046,577
Total	$47,550,563

17. K12 INC. MANAGEMENT COMPANY DISCLOSURE

For the fiscal year ended June 30, 2015, K12 Inc. incurred the following expenses in support of the Academy:

Direct Expenses	
Depreciation	$ 6,377,873
Books, periodicals and films	5,454,454
Salaries and wages	5,338,882
Communications	2,823,783
Professional and technical services	2,762,534
Contracted craft or trade services	2,689,484
Dues and fees	1,687,781
Employees' benefits	1,509,049
Other direct costs*	1,144,880
Other purchased services	718,991
Travel	317,064
Property services	79,304
Other supplies	2,770
Interest income	(140,653)
Total Allocated Direct Expenses	30,766,196
Overhead	17,461,246
Total Direct Expenses and Overhead	$48,227,442

(*) – Represents allocated income taxes

18. SPONSOR

The Academy was approved for operation under a contract with the Ohio Council of Community Schools (the Sponsor) for a period of ten academic years commencing on July 1, 2007. As part of this contract, the Sponsor is paid an oversight fee which is 1.5 percent of the total State Foundation funds received during the year. The total amount paid to the Sponsor for fiscal year 2015 was $1,112,895.

19. RESERVE FUND

The Academy and K12 Inc. agreed the Academy will maintain a $250,000 reserve ("Reserve Fund"). The Reserve Fund is defined as total net position at fiscal year end, excluding invested in capital assets as stated in the audited financial statements, before the effects of GASB 68. At the end of the year, if necessary based on the Academy's audited financial statements, K12 will issue Service Credits in an amount sufficient to balance the Academy's budget and satisfy the Reserve Fund requirement.

At the end of the next fiscal year, if the Academy has surplus funds that exceed the Reserve Fund, the Academy will repay a portion or all of the prior year's Service Credit depending on the amount of the surplus. If the Academy has no surplus or less than the amount credited prior, there is no further obligation owed on the unpaid amounts on the prior credits given.

For the year ended June 30, 2015 the Reserve Fund was $457,085 so no Service Credits were issued.

OHIO VIRTUAL ACADEMY
LUCAS COUNTY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE ACADEMY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
LAST TWO FISCAL YEARS (1)

	2014	2013
Academy's Proportion of the Net Pension Liability	0.06354201%	0.06354201%
Academy's Proportionate Share of the Net Pension Liability	$3,215,825	$3,778,640
Academy's Covered-Employee Payroll	$1,798,602	$1,576,507
Academy's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	178.80%	239.68%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.70%	65.52%

(1) Information prior to 2013 is not available.

Amounts presented as of the Academy's measurement date which is the prior fiscal year end.

OHIO VIRTUAL ACADEMY
LUCAS COUNTY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE ACADEMY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM OF OHIO
LAST TWO FISCAL YEARS (1)

	2014	2013
Academy's Proportion of the Net Pension Liability	0.15752981%	0.15752981%
Academy's Proportionate Share of the Net Pension Liability	$38,316,702	$45,642,604
Academy's Covered-Employee Payroll	$15,481,520	$15,501,192
Academy's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	247.50%	294.45%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	69.30%

(1) Information prior to 2013 is not available.

Amounts presented as of the Academy's measurement date which is the prior fiscal year end.

OHIO VIRTUAL ACADEMY
LUCAS COUNTY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE ACADEMY'S CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
LAST TEN FISCAL YEARS

	2015	2014	2013	2012	2011
Contractually Required Contribution	$221,327	$255,912	$220,711	$195,015	$138,484
Contributions in Relation to the Contractually Required Contribution	($221,327)	($255,912)	($220,711)	($195,015)	($138,484)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0
Academy Covered-Employee Payroll	$1,669,297	$1,798,602	$1,576,507	$1,417,868	$1,151,719
Contributions as a Percentage of Covered-Employee Payroll	13.26%	14.23%	14.00%	13.75%	12.02%

	2010	2009	2008	2007	2006
Contractually Required Contribution	$71,429	$24,881	$36,413	$26,998	$16,754
Contributions in Relation to the Contractually Required Contribution	($71,429)	($24,881)	($36,413)	($26,998)	($16,754)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0
Academy Covered-Employee Payroll	$628,352	$177,720	$260,094	$192,840	$119,672
Contributions as a Percentage of Covered-Employee Payroll	11.37%	14.00%	14.00%	14.00%	14.00%

OHIO VIRTUAL ACADEMY
LUCAS COUNTY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE ACADEMY'S CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM OF OHIO
LAST TEN FISCAL YEARS

	2015	2014	2013	2012	2011
Contractually Required Contribution	$2,109,724	$2,092,375	$2,170,167	$1,762,815	$1,605,932
Contributions in Relation to the Contractually Required Contribution	($2,109,724)	($2,092,375)	($2,170,167)	($1,762,815)	($1,605,932)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0
Academy Covered-Employee Payroll	$15,087,469	$15,481,520	$15,501,192	$12,739,963	$11,515,097
Contributions as a Percentage of Covered-Employee Payroll	13.98%	13.52%	14.00%	13.84%	13.95%

	2010	2009	2008	2007	2006
Contractually Required Contribution	$1,230,055	$996,508	$557,018	$490,815	$421,966
Contributions in Relation to the Contractually Required Contribution	($1,230,055)	($996,508)	($557,018)	($490,815)	($421,966)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0
Academy Covered-Employee Payroll	$9,473,754	$7,921,442	$5,331,280	$3,760,735	$3,247,284
Contributions as a Percentage of Covered-Employee Payroll	12.98%	12.58%	10.45%	13.05%	12.99%

NOTE A – 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.

NOTE B – 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.

OHIO VIRTUAL ACADEMY
LUCAS COUNTY

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

FEDERAL GRANTOR *Pass Through Grantor* Program Title	Federal CFDA Number	Receipts	Disbursements
U.S. Department of Education *Passed Through the Ohio Department of Education*			
Title I Grants to Local Educational Agencies	84.010	$565,344	$5,143,361
Title I School Improvement Sub A	84.010	$0	$68,061
		$565,344	$5,211,422
Special Education Grants to States	84.027	$405,366	$2,736,659
English Language Acquisition State Grants	84.365	$7,252	$14,609
School Improvement Grant	84.377	$206,094	$224,323
ARRA - Race to the Top Grant	84.395	$290,331	$267,740
Improving Teacher Quality State Grants	84.367	$10,333	$86,476
Total Federal Awards Receipts and Expenditures		$1,484,720	$8,541,229

SEE ACCOMPANYING NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES.

NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Trustees
Ohio Virtual Academy
Lucas County
1690 Woodlands Drive Suite 200
Maumee, Ohio 43537

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Ohio Virtual Academy, Lucas County ("Academy") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated January 28, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Academy's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Board of Trustees
Ohio Virtual Academy
Lucas County

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Academy's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on 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 that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

January 28, 2016

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Trustees
Ohio Virtual Academy
Lucas County
1690 Woodlands Drive Suite 200
Maumee, Ohio 43537

Report on Compliance for Each Major Federal Program

We have audited the Ohio Virtual Academy, Lucas County's ("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 major federal programs for the year ended June 30, 2015. The Academy's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Academy's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Academy's compliance.

Board of Trustees
Ohio Virtual Academy
Lucas County

Opinion on Each Major Federal Program

In our opinion, the Academy complied, in all material respects, with the types of 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, 2015.

Report on Internal Control Over Compliance

Management of the Academy is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Academy's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Board of Trustees
Ohio Virtual Academy
Lucas County

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Wilson O'Brien Ltd.

January 28, 2016

OHIO VIRTUAL ACADEMY
LUCAS COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:		Unmodified
Internal control over financial reporting:		
Material weakness(es) identified?	______yes	X no
Significant deficiency(ies) identified not considered to be material weaknesses?	______yes	X none reported
Noncompliance material to financial statements noted?	______yes	X no

Federal Awards

Internal Control over major programs:		
Material weakness(es) identified?	______yes	X no
Significant deficiency(ies) identified not considered to be material weaknesses?	______yes	X none reported
Type of auditor's report issued on compliance for major programs:		Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	______yes	X no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between Type A and Type B programs:		$300,000
Auditee qualified as low risk auditee?	X Yes	_____No

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

OHIO VIRTUAL ACADEMY
LUCAS COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2015

NONE

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OHIO VIRTUAL ACADEMY

LUCAS 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
AUGUST 2, 2016