

**EARLY COLLEGE ACADEMY
FRANKLIN COUNTY, OHIO**

AUDIT REPORT

**FOR THE FISCAL YEAR
ENDED JUNE 30, 2016**

James G. Zupka, CPA, Inc.
Certified Public Accountants



Dave Yost • Auditor of State

Board Members
Early College Academy
345 E. Fifth Avenue
Columbus, Ohio 43201

We have reviewed the Independent Auditor's Report of the Early College Academy, Franklin County, prepared by James G. Zupka, CPA, Inc., for the audit period July 1, 2015 through June 30, 2016. 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 Early College Academy is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

March 14, 2017

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**EARLY COLLEGE ACADEMY
FRANKLIN COUNTY, OHIO
AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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JAMES G. ZUPKA, C.P.A., INC.

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Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board
Early College Academy
Columbus, Ohio

The Honorable Dave Yost
Auditor of State
State of Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the Early College Academy, Franklin County, Ohio, (the Academy) as of and for the year ended June 30, 2016, 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 Academy'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 Academy'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Early College Academy, Franklin County, Ohio, as of June 30, 2016, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedules of Net Pension Liabilities and Pension Contributions, as listed in the table of contents, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2016, on our consideration of the Early College Academy'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 the Early College Academy's internal control over financial reporting and compliance.



James G. Zupka, CPA, Inc.
Certified Public Accountants

December 21, 2016

**EARLY COLLEGE ACADEMY
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

The management's discussion and analysis of the Early College Academy's (the "Academy") financial performance provides an overall review of the Academy's financial activities for the fiscal year ending June 30, 2016. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Academy's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2016 are as follows:

- In total, the net position decreased \$227,650 from June 30, 2015.
- The Academy had operating revenues of \$1,294,836 and operating expenses of \$1,705,600 during fiscal year 2016. The Academy also received \$182,451 in federal, state and local grants and \$663 in interest during fiscal year 2016.

Using these Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Academy'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 Academy, including all short-term and long-term financial resources and obligations. The *statement of cash flows* provides information about how the Academy finances and meets the cash flow needs of its operations.

Reporting the Academy Financial Activities

Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position and the Statement of Cash Flows

These documents look at all financial transactions and ask the question, "How did we do financially during 2016?" The statement of net position and the 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 Academy's *net position* and changes in that net position. This change in net position is important because it tells the reader that, for the Academy as a whole, the *financial position* of the Academy has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. These statements can be found on pages 9 and 10 of this report. The statement of cash flows can be found on page 11.

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. These notes to the basic financial statements can be found on pages 13 - 29 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Academy's net pension liability. The required supplementary information can be found on pages 32 - 38 of this report.

**EARLY COLLEGE ACADEMY
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

The table below provides a summary of the Academy's net position at June 30, 2016 and June 30, 2015.

	Net Position	
	2016	2015
<u>Assets</u>		
Current assets	\$ 849,807	\$ 740,249
Capital assets, net	211,726	229,385
Total assets	1,061,533	969,634
<u>Deferred Outflows of Resources</u>	1,465,937	106,928
<u>Liabilities</u>		
Current liabilities	125,855	108,382
Non-current liabilities	1,935,471	346,769
Total liabilities	2,061,326	455,151
<u>Deferred Inflows of Resources</u>	136,136	63,753
<u>Net Position</u>		
Investment in capital assets	211,726	229,385
Restricted	12,091	6,896
Unrestricted	106,191	321,377
Total net position	\$ 330,008	\$ 557,658

The Academy has 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.

**EARLY COLLEGE ACADEMY
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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 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. In addition, the Academy reports a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

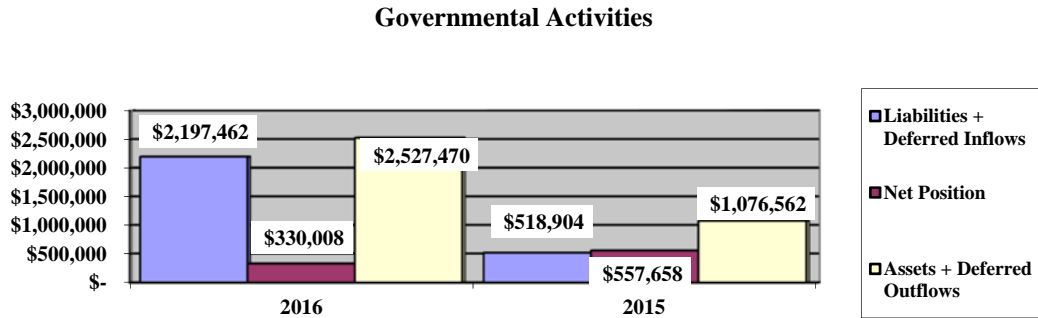
Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2016, the Academy's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$330,008. Of this total, \$106,191 is unrestricted. Assets of the Academy increased \$91,899 or 9.48%. This increase is primarily due to an increase in equity in pooled cash and cash equivalents and investments resulting from fiscal year 2016 operations. Liabilities increased \$1,606,175 primarily due to an increase in the net pension liability.

At year-end, capital assets represented 19.94% of total assets. Capital assets consisted of buildings and improvements and equipment. There is no debt related to these capital assets. Capital assets are used to provide services to the students and are not available for future spending.

**EARLY COLLEGE ACADEMY
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

The chart below illustrates the Academy's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2016 and June 30, 2015.



The table below shows the changes in net position for the fiscal year 2016 and fiscal year 2015.

Change in Net Position

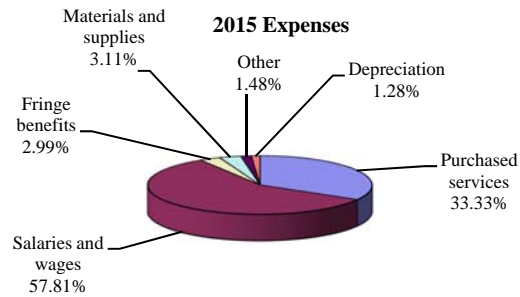
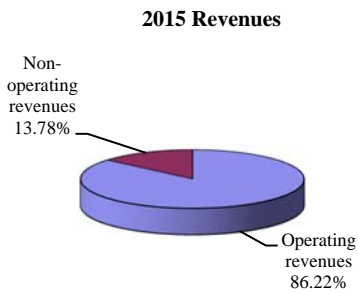
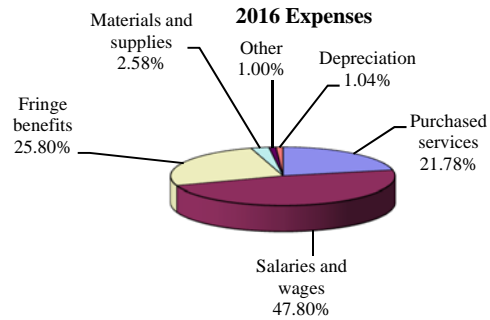
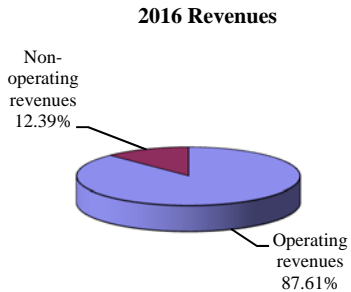
	<u>2016</u>	<u>2015</u>
<u>Operating Revenues:</u>		
State foundation	\$ 1,286,477	\$ 1,376,243
Other revenues	8,359	10,055
Total operating revenue	<u>1,294,836</u>	<u>1,386,298</u>
<u>Operating Expenses:</u>		
Salaries and wages	815,218	798,310
Fringe benefits	440,283	41,279
Purchased services	371,466	460,346
Materials and supplies	43,960	42,927
Other	17,014	20,464
Depreciation	<u>17,659</u>	<u>17,659</u>
Total operating expenses	<u>1,705,600</u>	<u>1,380,985</u>
<u>Non-operating revenues:</u>		
Federal, state and local grants	182,451	221,134
Interest income	<u>663</u>	<u>503</u>
Total non-operating revenues	<u>183,114</u>	<u>221,637</u>
Change in net position	(227,650)	226,950
Net position at the beginning of the year	<u>557,658</u>	<u>330,708</u>
Net position at the end of the year	<u>\$ 330,008</u>	<u>\$ 557,658</u>

**EARLY COLLEGE ACADEMY
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Operating revenues decreased \$91,462 or 6.60% due to a decrease in state foundation revenue in the areas of opportunity grant, economic disadvantaged funding, special education funding and facilities funding. Federal, state and local grants revenue decreased due to a decrease in Title I funding from fiscal year 2015 levels. Operating expenses increased \$324,615 or 23.51%. Salaries, wages and fringe benefits increased due to an increase in the Academy's net pension liability and due to the Academy hiring teachers that were once supplied by the ESC of Central Ohio. This also accounts for the decrease in purchased services since these employees were previously contracted.

The charts below illustrate the revenues and expenses for the Academy for fiscal year 2016 and 2015.



**EARLY COLLEGE ACADEMY
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Capital Assets

At June 30, 2016, the Academy had \$211,726 invested in buildings and improvements and equipment. See Note 6 in the notes to the basic financial statements for more detail on capital assets.

**Capital Assets at June 30
(Net of Depreciation)**

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Buildings and improvements	\$ 180,819	\$ 191,343
Equipment	<u>30,907</u>	<u>38,042</u>
	<u>\$ 211,726</u>	<u>\$ 229,385</u>

Current Financial Related Activities

The Academy (formerly called the Academic Acceleration Academy) is sponsored by the Educational Service Central of Central Ohio. The Academy relies primarily on the State Foundation funds and federal and state operating grants.

In order to continually provide learning opportunities to the Academy's students, the Academy will apply resources to best meet the needs of its students. It is the intent of the Academy to apply for State and Federal funds that are made available to finance its operations.

Contacting the Academy's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Academy's finances and to show the Academy's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Dan Lamb, Treasurer of Early College Academy, Charter School Specialists, 40 Hill Road South, Pickerington, OH 43147 or by phone at 614-837-8945.

**EARLY COLLEGE ACADEMY
FRANKLIN COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2016

Assets:	
Current assets:	
Equity in pooled cash and cash equivalents	\$ 703,564
Investments	101,998
Receivables:	
Intergovernmental.	39,099
Prepayments	<u>5,146</u>
Total current assets	849,807
Non-current assets:	
Depreciable capital assets, net	<u>211,726</u>
Total assets.	<u>1,061,533</u>
 Deferred outflows of resources:	
Pension - STRS	1,412,281
Pension - SERS	<u>53,656</u>
Total deferred outflows of resources	<u>1,465,937</u>
 Liabilities:	
Current liabilities:	
Accounts payable.	9,784
Accrued wages and benefits	78,104
Matured compensated absences.	14,490
Pension and postemployment benefits payable	10,935
Intergovernmental payable	<u>12,542</u>
Total current liabilities	125,855
Non-current liabilities:	
Net pension liability	<u>1,935,471</u>
Total liabilities	<u>2,061,326</u>
 Deferred inflows of resources:	
Pension - STRS	133,522
Pension - SERS	<u>2,614</u>
Total deferred inflows of resources	<u>136,136</u>
 Net position:	
Investment in capital assets.	211,726
Restricted for:	
Restricted for federal programs	10,221
Restricted for other purposes.	1,870
Unrestricted.	<u>106,191</u>
Total net position.	<u>\$ 330,008</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**EARLY COLLEGE ACADEMY
FRANKLIN COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Operating revenues:	
State foundation	\$ 1,286,477
Other	<u>8,359</u>
Total operating revenues	<u>1,294,836</u>
 Operating expenses:	
Salaries and wages.	815,218
Fringe benefits.	440,283
Purchased services.	371,466
Materials and supplies	43,960
Other.	17,014
Depreciation	<u>17,659</u>
Total operating expenses.	<u>1,705,600</u>
 Operating loss.	 <u>(410,764)</u>
 Non-operating revenues:	
Federal, state and local grants	182,451
Interest revenue	<u>663</u>
Total nonoperating revenues	<u>183,114</u>
 Change in net position	 (227,650)
 Net position at beginning of year	 <u>557,658</u>
Net position at end of year	<u>\$ 330,008</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**EARLY COLLEGE ACADEMY
FRANKLIN COUNTY, OHIO**

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Cash flows from operating activities:	
Cash received from state foundation	\$ 1,310,190
Cash received from other operations	8,976
Cash payments for salaries and wages.	(807,900)
Cash payments for fringe benefits	(147,702)
Cash payments for contractual services	(362,487)
Cash payments for materials and supplies	(41,704)
Cash payments for other expenses	(17,088)
	(57,715)
Cash flows from noncapital financing activities:	
Cash received from local, state and federal grants	188,425
	188,425
Cash flows from investing activities:	
Interest received	663
Maturity of investments	51,881
Purchase of investments	(101,998)
	(49,454)
Net cash (used in) operating activities	81,256
Net increase in cash and cash equivalents	81,256
Cash and cash equivalents at beginning of year	622,308
Cash and cash equivalents at end of year	\$ 703,564
 Reconciliation of operating loss to net cash (used in) operating activities:	
Operating loss	\$ (410,764)
Adjustments:	
Depreciation	17,659
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:	
Decrease in intergovernmental receivable	17,889
(Increase) in prepayments	(2,048)
(Increase) in deferred outflows - pension - STRS	(1,310,991)
(Increase) in deferred outflows - pension - SERS	(48,018)
Increase in accounts payable.	4,243
Increase in accrued wages and benefits	7,318
Increase in intergovernmental payable	7,456
Increase in matured compensated absences payable	14,490
(Decrease) in pension and postemployment benefits payable	(16,034)
Increase in net pension liability	1,588,702
(Decrease) in deferred inflows - pension - STRS	72,636
(Decrease) in deferred inflows - pension - SERS	(253)
	(57,715)
Net cash (used in) operating activities	\$ (57,715)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**EARLY COLLEGE ACADEMY
FRANKLIN COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1 - DESCRIPTION OF THE ACADEMY AND REPORTING ENTITY

The Early College Academy (the “Academy”) is a nonprofit corporation established by Ohio Revised Code Chapters 3314 and 3314.03 to establish a new conversion school in Columbus City Schools. The Academy is designed to serve high school students who are over-aged for their grade placement for participation in an intensive program to accelerate graduation from high school and transition to an appropriate post- secondary placement. The Academy, which is part of the State’s education program, is nonsectarian in its programs, admission policies, employment practices and all other operations. The Academy is an approved tax-exempt organization under Section 501 (c)(3) of the Internal Revenue Code and management is not aware of any course of action or series of events that have occurred that might adversely affect their tax exempt status. The Academy may sue or be sued, acquire facilities as needed, and contract for any services necessary for the operation of the Academy.

The Academy was certified by the State of Ohio Secretary of State as a non-profit organization on March 7, 2006 and was formerly called Academic Acceleration Academy. The Academy was approved for operation under a contract with the Columbus City Schools as the sponsor for five years commencing July 1, 2006 and continuing through June 30, 2011. On June 17, 2011, the Academy approved an agreement to change sponsors to the Education Service Center of Central Ohio (the “Sponsor”). The agreement is for the period July 1, 2011 through June 30, 2013. On August 18, 2013, the Academy extended its sponsorship agreement through August 29, 2016. The Academy renewed a contract with the Sponsor through June 30, 2019. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration. Charter School Specialists, LLC (“CSS”) serves as the fiscal agent for the Academy (See Note 9). The Academy served 188 students during fiscal year 2016.

The Academy operates under the direction of a nine-member Board of Directors which consists of individuals who represent the interests of the parents served by the Academy.

The Sponsor, under a purchased services basis with the Academy, provides planning, instructional, administrative and technical services. Certified personnel providing services to the Academy on behalf of the Sponsor under the purchased services basis are considered employees of the Sponsor (See Note 9). Beginning in fiscal year 2016, the Academy began to perform some of the hiring procedures of the Academy.

During fiscal year 2016, the Academy had a personnel agreement with the Charter School Specialists, LLC (“CSS”). Under this agreement, non-certificated personnel providing services to the Academy on behalf of CSS under the purchased service basis are considered employees of CSS, and CSS is solely responsible for all payroll functions (See Note 9).

Reporting Entity:

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Academy consists of all funds, departments, boards, and agencies that are not legally separate from the Academy. For the Early College Academy, this includes instructional activities of the Academy.

**EARLY COLLEGE ACADEMY
FRANKLIN COUNTY, OHIO**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 - DESCRIPTION OF THE ACADEMY AND REPORTING ENTITY - (Continued)

Component units are legally separate organizations for which the Academy is financially accountable. The Academy is financially accountable for an organization if the Academy appoints a voting majority of the organization's Governing Board and (1) the Academy is able to significantly influence the programs or services performed or provided by the organization; or (2) the Academy is legally entitled to or can otherwise access the organization's resources; the Academy is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Academy is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Academy in that the Academy approves the budget and issuance of debt. The Academy has no component units.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

B. Measurement Focus and Basis of Accounting

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

C. 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, see Note 13 for deferred outflows of resources related to the Academy's net pension liability.

**EARLY COLLEGE ACADEMY
FRANKLIN COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

In addition to liabilities, the statement of net position may 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, see Note 13 for deferred inflows of resources 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 Section 5705, unless specifically provided in the Academy's contract with its Sponsor, except for Ohio Revised Code Section 5705.391 as it relates to five year forecasts and spending plans. The contract between the Academy and its Sponsor requires a detailed school budget for each year of the contract; however, the budget does not have to follow the provisions of Ohio Revised Code Section 5705.

E. Cash and Investments

Cash received by the Academy is maintained in demand deposit accounts.

During fiscal year 2016, investments were limited to investments in non-negotiable certificates of deposit. Non-participating investment contracts, such as non-negotiable certificates of deposit, are reported at cost.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the Academy are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

F. Capital Assets and Depreciation

All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market value on the date donated. During fiscal year 2016, the Academy maintained a capital asset threshold of \$2,000. The Academy does not have any infrastructure. Improvements are 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.

All capital assets are depreciated. Depreciation is computed using the straight-line method. Buildings and improvements are depreciated from 10-25 years. Equipment consists of computers and equipment is depreciated from three to ten years.

G. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. 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. 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 Academy or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**EARLY COLLEGE ACADEMY
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NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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.

H. Intergovernmental Revenue

The Academy currently participates in the State Foundation Program, IDEA Part-B grant, Title I grant, and the Title II-A grant. Revenues received from the State Foundation Program are recognized as 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 requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is permitted, matching requirements, in which the Academy must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis. Federal, State and local grant revenue for fiscal year 2016 was \$182,451.

I. Accrued Liabilities

The Academy has recognized certain expenses due, but unpaid as of June 30, 2016. These expenses are reported as accrued liabilities in the accompanying financial statements.

J. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in the statement of net position. These items are reported as assets on the statement of net position 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.

K. Operating Revenues and Expenses

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

L. 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 those estimates.

M. Economic Dependency

The Academy receives approximately 99.35% of its operating revenue from the Ohio Department of Education. Due to the significance of this revenue source, the Academy is considered to be economically dependent on the State of Ohio Department of Education.

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NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

N. 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.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

For fiscal year 2016, the Academy has implemented GASB Statement No. 72, "Fair Value Measurement and Application", GASB Statement No. 73 "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68", GASB Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", and GASB Statement No. 79, "Certain External Investment Pools and Pool Participants".

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the Academy.

GASB Statement No. 73 improves the usefulness of information about pensions included in the general purposes external financial reports of state and local governments for making decisions and assessing accountability. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the Academy.

GASB Statement No. 76 identifies - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the Academy.

GASB Statement No. 79 establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the Academy.

NOTE 4 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

Deposits with Financial Institutions

At June 30, 2016, the carrying amount of all Academy deposits, including \$101,998 of nonnegotiable certificates of deposit, was \$805,562. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", the entire bank balance of \$805,562 (which includes \$101,998 of nonnegotiable certificates of deposit) at June 30, 2016 was covered by the Federal Deposit Insurance Corporation.

**EARLY COLLEGE ACADEMY
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NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 5 - RECEIVABLES

At June 30, 2016, receivables consisted of intergovernmental and accounts receivables. The receivables are expected to be collected in full within one year. A summary of the receivables follows:

	Amount
Intergovernmental receivables:	
IDEA Part-B	\$ 6,215
Title I	23,523
Title II-A	7,034
Payment from SERS	423
State foundation	34
Food service subsidies	1,870
 Total receivables	 \$ 39,099

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

	Balance 6/30/2015	Additions	Reductions	Balance 6/30/2016
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	\$ 217,915	\$ -	\$ -	\$ 217,915
Equipment	65,811	-	-	65,811
Total capital assets, being depreciated	283,726	-	-	283,726
<i>Less: accumulated depreciation</i>				
Buildings and improvements	(26,572)	(10,524)	-	(37,096)
Equipment	(27,769)	(7,135)	-	(34,904)
Less: accumulated depreciation	(54,341)	(17,659)	-	(72,000)
Net capital assets	\$ 229,385	\$ (17,659)	\$ -	\$ 211,726

NOTE 7 - LONG-TERM OBLIGATIONS

Changes in the Academy's long-term obligations during fiscal year 2016 were as follows:

	Balance 06/30/15	Additions	Reductions	Balance 06/30/16	Due Within One Year
<i>Net pension liability:</i>					
STRS	\$ 329,106	\$ 1,527,450	\$ -	\$ 1,856,556	\$ -
SERS	17,663	61,252	-	78,915	-
Total governmental activities long-term liabilities	\$ 346,769	\$ 1,588,702	\$ -	\$ 1,935,471	\$ -

Net Pension Liability: See Note 13 for details.

**EARLY COLLEGE ACADEMY
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NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 8 - PURCHASED SERVICES

For the fiscal year ended June 30, 2016, purchased services expenses were as follows:

Professional and technical services	\$ 110,208
Property services	186,689
Communications	41,256
Utilities	13,548
Tuition	9,450
Other purchased services	<u>10,315</u>
Total	<u>\$ 371,466</u>

NOTE 9 - SERVICE AGREEMENTS

A. Charter School Specialists, LLC

The Academy entered into a service contract with Charter School Specialists, LLC (CSS), for a period of twelve months commencing July 1, 2015, to provide fiscal/payroll services. The Academy paid CSS \$39,847 in service fees for fiscal year 2016.

B. Educational Service Center of Central Ohio

The Community School Sponsorship Contract between the Academy and Educational Service Center of Central Ohio (the "Sponsor") outlined the specific payments to be made by the Academy to the Sponsor during fiscal year 2016.

Under the Community School Sponsorship Contract, the Academy agrees to pay the following:

1. The Academy shall annually pay to Sponsor, from the funding provided to the Academy by the Ohio Department of Education pursuant to Section 3314.08 of the Ohio Revised Code, a portion of such funds. Per student payments shall be calculated against the state foundation formula, with the per student calculation set at three percent (3%) of the state foundation payment per pupil, as provided for by the State of Ohio. The schedule for such payments shall be as mutually agreed by the parties, and the amount of such payments may be varied by mutual agreement of the parties. It is further agreed that up to twenty-five percent (25%) of these fees shall be set aside by the Sponsor and earmarked annually for professional development or other related services for the Board.
2. In the event that the Sponsor, as permitted herein, provides special education and related services required by a student's IEP, the Academy shall pay to the Sponsor the funds received by the Academy from the Department of Education on account of such student, except that the Academy may retain sufficient funds to cover its actual costs related to such student, if any.
3. The Academy shall pay to Sponsor such other amounts as are mutually agreed, including fees for any services provided to the Academy by the sponsor.
4. Upon dissolution, the Academy, as a "Public Benefit Corporation" under Section 1702.01 (P) of the Ohio Revised Code, shall distribute any remaining assets to another community school, public benefit corporation or other entity that is recognized as except under section 501 c (3) of the Internal Revenue Code of 1986 as amended.

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NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 9 - SERVICE AGREEMENTS - (Continued)

During the fiscal year ended June 30, 2016, the Academy made payments of \$37,550 to the Sponsor, which includes the 3 percent fee.

NOTE 10 - OPERATING LEASES

The Academy entered into a lease for fiscal year 2013 with OMNI Management Group to lease a building located 345 East Fifth Avenue, Columbus, Ohio, 43201. The initial terms of the lease were five years commencing July 1, 2012 and ending June 30, 2017. Lease payments, including utilities, for fiscal year 2016 total \$160,261.

NOTE 11 - RISK MANAGEMENT

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 contracted personnel; and natural disasters. For fiscal year 2016, the Academy had general liability insurance through Wells Fargo Insurance Services of Ohio, LLC.

Settled claims have not exceeded commercial coverage in the past year. There was no significant reduction in coverage from the prior fiscal year.

NOTE 12 - CONTINGENCIES

A. Grants

The Academy received financial assistance from state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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 Academy at June 30, 2016.

B. Foundation Funding

The Ohio Department of Education (ODE) conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which State foundation funding is calculated. As a result of the fiscal year 2015 reviews, the Academy owes \$5,057 to ODE. As a result of the fiscal year 2016 reviews, the Academy is due \$34 from ODE but also owes \$1,310 to ODE. These amounts have been reported as intergovernmental receivables and payables on the statement of net position. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2016 foundation funding for the Academy; therefore, the final 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. The final adjustment to state funding is expected to be immaterial.

C. Litigation

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

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NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 13 - 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 pension and postemployment benefits payable on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description –Academy 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.

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NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 13 - 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 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 ended June 30, 2016, the entire 14 percent was allocated to pension, death benefits, and Medicare B and no portion of the employer contribution rate was allocated to the Health Care Fund.

The Academy’s contractually required contribution to SERS was \$6,627 for fiscal year 2016. Of this amount, \$592 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description –Academy 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.

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NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 13 - 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, 2016, plan members were required to contribute 13 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 2016 contribution rates were equal to the statutory maximum rates.

The Academy's contractually required contribution to STRS was \$100,691 for fiscal year 2016. Of this amount, \$10,343 is reported as pension and postemployment benefits payable.

**EARLY COLLEGE ACADEMY
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NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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, 2015, 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate share of the net pension liability	\$ 78,915	\$ 1,856,556	\$ 1,935,471
Proportion of the net pension liability	0.00138300%	0.00671763%	
Pension expense	\$ 12,983	\$ 289,095	\$ 302,078

At June 30, 2016, the Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 1,271	\$ 84,634	\$ 85,905
Changes in proportionate share and difference between Academy contributions and proportionate share of contributions	45,758	1,226,956	1,272,714
Academy contributions subsequent to the measurement date	<u>6,627</u>	<u>100,691</u>	<u>107,318</u>
Total deferred outflows of resources	<u>\$ 53,656</u>	<u>\$ 1,412,281</u>	<u>\$ 1,465,937</u>
Deferred inflows of resources			
Net difference between projected and actual earnings on pension plan investments	<u>\$ 2,614</u>	<u>\$ 133,522</u>	<u>\$ 136,136</u>

\$107,318 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, 2017.

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NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 13 - 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:

Fiscal Year Ending June 30:	SERS	STRS	Total
2017	\$ 13,669	\$ 276,608	\$ 290,277
2018	13,669	276,607	290,276
2019	13,665	276,605	290,270
2020	3,412	348,248	351,660
Total	\$ 44,415	\$ 1,178,068	\$ 1,222,483

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, 2015, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22.00 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.

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NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 13 - 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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	<u>15.00</u>	7.50
Total	<u><u>100.00 %</u></u>	

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.

	<u>1% Decrease (6.75%)</u>	<u>Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Academy's proportionate share of the net pension liability	\$ 109,427	\$ 78,915	\$ 53,222

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FRANKLIN COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2015, 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, 2015, 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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	<u>1.00</u>	3.00
Total	<u>100.00 %</u>	

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2015. 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, 2015. 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, 2015.

**EARLY COLLEGE ACADEMY
FRANKLIN COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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	\$ 2,578,897	\$ 1,856,556	\$ 1,245,710

NOTE 14 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Health Care Plan Description - The Academy 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, 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 2016, none of the employer contribution 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 2016, this amount was \$23,000. 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 2016, the Academy's did not have a surcharge obligation.

The Academy's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$0, \$341, and \$85, respectively. No contributions were required for fiscal year 2016. The full amount has been contributed for fiscal years 2015 and 2014.

**EARLY COLLEGE ACADEMY
FRANKLIN COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

B. State Teachers Retirement System

Plan Description – The Academy 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 years 2016 and 2015, STRS did not allocate any employer contributions to post-employment health care. The Academy's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$0, \$0, and \$983, respectively. No contributions were required for fiscal years 2016 and 2015. The full amount has been contributed for fiscal year 2014.

NOTE 15 - COMPENSATED ABSENCES

Academy employees earn 10 sick days per year and the amounts cannot be carried over to the next fiscal year. Unused at fiscal year-end are paid out at a rate of \$150 per day in the next fiscal year. The liability for the payment of unused sick days at June 30, 2016 has been reported as "matured compensated absences" on the financial statements.

The Academy Superintendent is the only employee who accrues vacation days. The Superintendent is given the option to accrue unused vacation days up to three years or to be paid out annually for unused vacation days at fiscal year-end. The liability for the payment of unused vacation days at June 30, 2016 has been reported as "matured compensated absences" on the financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

**EARLY COLLEGE ACADEMY
FRANKLIN COUNTY, OHIO**

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 THREE FISCAL YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Academy's proportion of the net pension liability	0.00138300%	0.00034900%	0.00034900%
Academy's proportionate share of the net pension liability	\$ 78,915	\$ 17,663	\$ 20,754
Academy's covered-employee payroll	\$ 41,639	\$ 10,144	\$ 39,299
Academy's proportionate share of the net pension liability as a percentage of its covered-employee payroll	189.52%	174.12%	52.81%
Plan fiduciary net position as a percentage of the total pension liability	69.16%	71.70%	65.52%

Note: Information prior to fiscal year 2013 was unavailable.

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

**EARLY COLLEGE ACADEMY
FRANKLIN COUNTY, OHIO**

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 THREE FISCAL YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Academy's proportion of the net pension liability	0.00671763%	0.00135304%	0.00135304%
Academy's proportionate share of the net pension liability	\$ 1,856,556	\$ 329,106	\$ 392,029
Academy's covered-employee payroll	\$ 700,871	\$ 138,254	\$ 109,562
Academy's proportionate share of the net pension liability as a percentage of its covered-employee payroll	264.89%	238.04%	357.81%
Plan fiduciary net position as a percentage of the total pension liability	72.10%	74.70%	69.30%

Note: Information prior to fiscal year 2013 was unavailable.

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

**EARLY COLLEGE ACADEMY
FRANKLIN COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX FISCAL YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 6,627	\$ 5,488	\$ 1,406	\$ 5,439
Contributions in relation to the contractually required contribution	<u>(6,627)</u>	<u>(5,488)</u>	<u>(1,406)</u>	<u>(5,439)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Academy's covered-employee payroll	\$ 47,336	\$ 41,639	\$ 10,144	\$ 39,299
Contributions as a percentage of covered-employee payroll	14.00%	13.18%	13.86%	13.84%

Information prior to fiscal year 2011 was unavailable.

<u>2012</u>	<u>2011</u>
\$ 5,301	\$ 586
<u>(5,301)</u>	<u>(586)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 39,413	\$ 4,662
13.45%	12.57%

**EARLY COLLEGE ACADEMY
FRANKLIN COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX FISCAL YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 100,691	\$ 98,122	\$ 17,973	\$ 14,243
Contributions in relation to the contractually required contribution	<u>(100,691)</u>	<u>(98,122)</u>	<u>(17,973)</u>	<u>(14,243)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Academy's covered-employee payroll	\$ 719,221	\$ 700,871	\$ 138,254	\$ 109,562
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	13.00%	13.00%

Information prior to fiscal year 2011 was unavailable.

<u>2012</u>	<u>2011</u>
\$ 10,783	\$ 14,791
<u>(10,783)</u>	<u>(14,791)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 82,946	\$ 113,777
13.00%	13.00%

**EARLY COLLEGE ACADEMY
FRANKLIN COUNTY, OHIO**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for fiscal years 2014-2016.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. See the notes to the basic financials 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 years 2014-2016.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. See the notes to the basic financials for the methods and assumptions in this calculation.

JAMES G. ZUPKA, C.P.A., INC.

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**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**

To the Members of the Board
Early College Academy
Columbus, Ohio

The Honorable Dave Yost
Auditor of State
State of Ohio

We have audited, in accordance with the 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, the financial statements of the Early College Academy, Franklin County, Ohio, (the Academy) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated December 21, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Early College 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 Early College Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Early College 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Early College Academy'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Early College Academy's financial statements are free from 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 Early College Academy'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 Early College Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



James G. Zupka, CPA, Inc.
Certified Public Accountants

December 21, 2016

**EARLY COLLEGE ACADEMY
FRANKLIN COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
JUNE 30, 2016**

The prior audit report, as of June 30, 2015, included no citations, instances of noncompliance or management letter recommendations.

JAMES G. ZUPKA, C.P.A., INC.

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5240 East 98th Street
Garfield Hts., Ohio 44125*

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**INDEPENDENT AUDITOR'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Early College Academy
345 E. Fifth Avenue
Columbus, Ohio 43202

To the Members of the Board:

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

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

1. We noted that the Board amended its anti-harassment policy at its April 27, 2016 meeting to include a definition of harassment, intimidation, or bullying that includes the definition in division (A) of the Ohio Revised Code Section 3313.666, as of the latest amendment.

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

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

James G. Zupka, CPA, Inc.

James G. Zupka, CPA, Inc.
Certified Public Accountants

December 21, 2016



Dave Yost • Auditor of State

EARLY COLLEGE 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
MARCH 28, 2017**