



Dave Yost • Auditor of State

**ACADEMY OF NEW MEDIA MIDDLE SCHOOL
FRANKLIN COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Academy of New Media Middle School
Franklin County
40 Hill Road South
Pickerington, Ohio 43147

To the Sponsor:

Report on the Financial Statements

We have audited the accompanying financial statements of the Academy of New Media Middle School, Franklin County, Ohio (the Academy), as of and for the year ended June 30, 2013, 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 preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Academy of New Media Middle School, Franklin County, Ohio, as of June 30, 2013, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 12 to the financial statements, the Academy ceased operations based on closure by the Sponsor on August 16, 2013. 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 this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Management has omitted the comparative information in *Management's discussion and analysis* that accounting principles generally accepted in the United States of America requires. Such missing information, although not a part of the basic financial statements, is required by accounting principles generally accepted in the United States of America 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2014, on our consideration of the Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

March 13, 2014

**ACADEMY OF NEW MEDIA MIDDLE SCHOOL
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)**

The discussion and analysis of the Academy of New Media Middle School (the "Academy") financial performance provides an overall review of the Academy's financial activities for the fiscal year ended June 30, 2013. 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. Unfortunately, the school closed on August 16, 2013.

Certain comparative information between the current fiscal year and the prior fiscal year is required to be presented in the MD&A. However, because this is the last fiscal year of financial reporting for the Academy, the statements have been presented on an accrual basis to fully disclose future liabilities and overall financial position of the Academy. Prior fiscal year information was presented on a cash basis, thus comparative information is not presented and not found to be cost efficient.

Financial Highlights

Key financial highlights for 2013 are as follows:

- In total, net position was negative \$51,768 at June 30, 2013.
- The Academy had operating revenues of \$579,859 and operating expenses of \$1,056,163 for fiscal year 2013.
- The Academy also received \$348,018 in non-operating federal and state grants during fiscal year 2013.
- Total change in net position for fiscal year 2013 was (\$128,286).

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.

Reporting the Academy's Financial Activities

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

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position answer this question: "How did the Academy do financially during 2013?" These statements include net assets using principles generally accepted in the United States of America. This basis of accounting takes into account all revenues and expenses relating to the period, whether or not actually received or paid. These two statements report the Academy's Net Position and changes in 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 7 through 9 of this report.

**ACADEMY OF NEW MEDIA MIDDLE SCHOOL
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)**

The table below provides a summary of the Academy's net position for fiscal year 2013. Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2013, net position of the Academy totaled (\$51,768). A portion of the Academy's net position, \$9,270, represents resources that are subject to external restriction on how they may be used.

Assets:

Current assets:

Cash.	\$	67,519
Receivables		7,932
Prepaid expenses		3,013
Total current assets		78,464

Long-term assets:

Fixed Assets - net		11,944
Total long-term assets		11,944

Total assets.	\$	90,408
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Liabilities:

Current liabilities:

Accounts payable.	\$	142,176
Total current liabilities		142,176

Total liabilities		142,176
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Net Position:

Net investment in Capital Assets		11,944
Restricted		9,270
Unrestricted (deficit)		(72,982)
Total net position		(51,768)

Total net position and liabilities	\$	90,408
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**ACADEMY OF NEW MEDIA MIDDLE SCHOOL
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)**

The table below shows the changes in net position for fiscal year 2013. The Academy received \$563,546 in state funding from foundation payments during fiscal year 2013. Federal grant programs included the Title VI-B, Title I, Title II and Public Charter School Start-up.

Operating revenues:	
State foundation	\$ 563,546
Other	16,313
Total operating revenues	579,859
Non-operating Revenues:	
Federal and state grants	348,018
Total non-operating revenues	348,018
Total revenues:	\$ 927,877
 Operating expenses:	
Salaries and wages	472,431
Depreciation	3,074
Purchased services	434,158
Materials and supplies	117,975
Other	28,525
Total operating expenses	1,056,163
 Change in net position	 (128,286)
 Net Position at beginning of year	 76,518
 Net Position at end of year	 \$ (51,768)

**ACADEMY OF NEW MEDIA MIDDLE SCHOOL
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)**

Budgeting

Unlike traditional schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code 5705, unless specifically provided by the Academy's contract with its sponsor. The contract between the Academy and its sponsor, St. Aloysius Orphanage, does not prescribe a budgetary process for the Academy.

Capital Assets and Debt Administration

Capital Assets

The Academy purchased operating assets in the amount of \$13,603 in fiscal year 2013. Total gross fixed assets at June 30, 2013 was \$15,371. Depreciation expense for 2013 was \$3,074 and net fixed assets at June 30, 2013 was \$11,944.

Debt Administration

The Academy does not have any debt obligations outstanding as of June 30, 2013.

Current Financial Related Activities

The Academy is sponsored by St. Aloysius Orphanage. The Academy is reliant upon State Foundation monies and Federal and private grants to offer quality, educational services to students.

In order to continually provide learning opportunities to the Academy's students, the Academy applied resources to best meet the needs of its students. The Academy ceased operations on August 16, 2013.

Contacting the Academy's Financial Management

This financial report is designed to provide our clients 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, Academy of New Media Middle School, 40 Hill Road South, Pickerington, Ohio, 43147.

**ACADEMY OF NEW MEDIA MIDDLE SCHOOL
FRANKLIN COUNTY, OHIO**

**STATEMENT OF NET POSITION
JUNE 30, 2013**

Assets:

Current assets:

Cash	\$ 67,519
Intergovernmental receivable	7,932
Prepaid expenses	<u>3,013</u>
<i>Total current assets</i>	<u>78,464</u>

Long-term assets:

Property and equipment, net	<u>11,944</u>
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Total assets	<u>90,408</u>
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Liabilities:

Current:

Accounts payable	<u>142,176</u>
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Total liabilities	<u>142,176</u>
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Net Position:

Net Investment in Capital Assets	11,944
Restricted	9,270
Unrestricted	<u>(72,982)</u>

Total net position	<u>\$ (51,768)</u>
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Total net position and liabilities	<u>90,408</u>
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SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ACADEMY OF NEW MEDIA MIDDLE SCHOOL
FRANKLIN COUNTY, OHIO**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013**

Operating revenues:

State foundation	\$	563,546
Other		16,313
Total operating revenues		<u>579,859</u>

Operating expenses:

Salaries and wages and benefits	472,431
Purchased services	434,158
Materials and supplies	117,975
Depreciation	3,074
Other	28,525
Total operating expenses	<u>1,056,163</u>

Operating Loss (476,304)

Non-operating revenues:

Federal and state grants	\$	348,018
Total non-operating revenues		<u>348,018</u>

Change in net position (128,286)

Net position at beginning of year, restated 76,518

Net position at end of year \$ (51,768)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ACADEMY OF NEW MEDIA MIDDLE SCHOOL
FRANKLIN COUNTY, OHIO**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013**

Cash flows from operating activities:	
Cash received from state foundation	\$ 563,546
Cash received from other operations	16,313
Cash payments for personnel services	(478,315)
Cash payments for purchased services	(316,176)
Cash payments for materials and supplies	(100,545)
Cash payments for other operating expenses	<u>(26,822)</u>
Net cash used in operating activities	<u>(341,999)</u>
Cash flows from noncapital financing activities:	
Federal and state grants	348,018
Cash flows used in capital and related financing activities:	
Acquisition of capital assets	<u>(13,603)</u>
Net-decrease in cash and cash equivalents	(7,584)
Cash at beginning of year	<u>75,103</u>
Cash at end of year	<u><u>\$ 67,519</u></u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (476,304)
Depreciation	3,074
Changes in assets and liabilities:	
Increase in accounts receivable	(7,932)
Increase in prepayments	(3,013)
Increase in accounts payable	<u>142,176</u>
Net cash used in operating activities	<u><u>\$ (341,999)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**ACADEMY OF NEW MEDIA MIDDLE SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 - DESCRIPTION OF THE ACADEMY AND REPORTING ENTITY

The Academy of New Media Middle School (the "Academy") is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The Academy is committed to the unconditional pursuit of high academic achievement in a safe environment for students in grades 6-8. The Academy will utilize 21st Century skills and embrace new technological innovations to provide holistic, problem-based, and experiential learning to create life-long learners whose knowledge will benefit the community. The Academy may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the Academy.

The Academy was approved under contract with The St. Aloysius Orphanage (the "Sponsor") commencing on May 15, 2011 and ending on June 30, 2015. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration.

The Academy operates under the direction of a Governing Authority which must contain at least five Directors who are not owners or employees, or relatives of owners or employees, of any for-profit company that operates or manages the Academy. The Governing Authority is responsible for carrying out the provisions of the contract, which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards and qualification of teachers. The Governing Authority controls the Academy's instructional/support facility, staffed by employees who provide services for 83 students.

NOTE 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.

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 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, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where it has been decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

B. Measurement Focus

The accounting and financial reporting treatment is determined by its measurement focus. 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. Net position is segregated into net investment in capital assets, restricted, and unrestricted components.

**ACADEMY OF NEW MEDIA MIDDLE SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

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

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The Academy financial statements are prepared using the accrual basis of accounting. Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded when the exchange takes place. Revenues resulting from nonexchange transactions, in which the Academy receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the year when use is first permitted; matching requirements, in which the Academy must provide local resources to be used for a specified purpose; and expenditures requirements, in which the resources are provided to the Academy on a reimbursement basis. Expenses are recognized at the time they are incurred.

D. Budgetary Process

Community schools must adopt a five year forecast under the Ohio Revised Code. Unlike traditional schools, the remaining sections of Ohio Revised Code 5705 generally do not apply, unless specified by the Sponsor contract. The contract between the Academy and its sponsor requires the Academy to comply with the financial plan that details an estimated budget for each year of the contract. The Academy is compliant.

E. Cash and Investments

To improve cash management, all cash received by the Academy is pooled in a central bank account. Monies for the Academy are maintained in these accounts or temporarily used to purchase short-term investments.

For presentation on the financial statements, investments of the cash management pool and investments with the original maturity 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 that are not purchased from the pool are reported as investments.

The Academy had no investments during fiscal year 2013.

F. Capital Assets

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The Academy maintains a capitalization threshold of \$1,500. The Academy does not possess 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. Interest incurred during the construction of capital assets is also capitalized.

**ACADEMY OF NEW MEDIA MIDDLE SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

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

F. Capital Assets (Continued)

All reported capital assets except for land are depreciated. Depreciation is computed using the straight line method over the following useful lives:

Description	Estimated Lives
Buildings and improvements	40 years
Furniture, fixtures and equipment	3 - 5 years
Leasehold improvements	15 years

G. Net Position

Net Position represents the difference between assets and liabilities. Net investment in capital assets consist 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. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. 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, State and Federal Food Reimbursement grants, Title VI-B, Title II, PCSP, and Title I programs. Revenues received from the State Foundation Program are recognized as operating revenues in the accompanying financial statements. Revenues received from the remaining Federal and State grant programs are recognized as non-operating revenues in the accompanying financial statements. Federal, State and local grant revenue for fiscal year 2013 was \$348,018.

I. Accrued Liabilities

The Academy has recognized certain expenses due, but unpaid as of June 30, 2013. 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 amount is recorded at the time of the purchase and the expense is reported in the year in which services are consumed.

**ACADEMY OF NEW MEDIA MIDDLE SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

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

K. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (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.

L. Economic Dependency

The Academy receives approximately 97% 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.

M. Operating Receipts and Disbursements

Operating receipts are those revenues that are generated directly from the primary activity of the Academy. Operating disbursements are necessary costs incurred to provide the goods or services that are the primary activities of the Academy. All receipts and disbursements not meeting this definition are reported as non-operating.

NOTE 3 – DEPOSITS

At June 30, 2013, the carrying amount of all Academy deposits was \$67,519. Based on the criteria described in GASB Statement No. 40, as of June 30, 2013, the Academy's bank balance of \$73,698 was not exposed to custodial risk as discussed below, due to the \$250,000 coverage by the Federal Deposit Insurance Corporation (the "FDIC"). Custodial credit risk is the risk that, in the event of bank failure, the Academy's deposits may not be returned. The Academy has no deposit policy for custodial credit risk beyond the requirements of State statute, however all statutory requirements for the deposit of money have been followed.

NOTE 4 – RECEIVABLES AND PREPAID EXPENSES

Receivables at June 30, 2013, consisted of a receivable arising from an overpayment to STRS and is included in the accompanying financial statements at \$7,932. All receivables are considered collectible in full. Also, at June 30, 2013 the Academy has prepaid liability insurance, described in Note 6, in the amount of \$3,013.

NOTE 5 - CAPITAL ASSETS

At June 30, 2013, the following table represents the Academy's change in capital assets.

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Depreciable Capital Assets				
Furniture and Fixtures	\$ 1,768	\$ 13,603	\$ -	\$ 15,371
Less Accumulated Depreciation				
Furniture and Fixtures	\$ (353)	\$ (3,074)	\$ -	\$ (3,427)
Depreciable Capital Assets, Net of Accumulated Depreciation	\$ 1,415	\$ 10,529	\$ -	\$ 11,944

**ACADEMY OF NEW MEDIA MIDDLE SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 6 - RISK MANAGEMENT

A. Insurance Coverage

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. There have been no insurance settlements that exceeded insurance coverage in the last two years. In addition, there have been no significant reductions in insurance coverage from the prior year. For the fiscal year ended 2013, the Academy contracted with Philadelphia Insurance Company and had the following insurance coverage:

Coverages	Limits of Coverage
General liability:	
Each occurrence	1,000,000
General aggregate	2,000,000
Medical expenses	5,000
Personal & advertising injury	1,000,000
Damages to rented premises, per occurrence	100,000
Products - aggregate	2,000,000
Automobile liability:	
Combined single limit - each accident	1,000,000
Excess/umbrella liability:	
Each occurrence	5,000,000
Aggregate	5,000,000
Retention	10,000
Workers compensation and employers liability:	
Each accident	1,000,000
Disease - each employee	1,000,000
Disease - policy limit	1,000,000

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.

NOTE 7 - FISCAL SERVICES CONTRACT

A. Sponsor Contract

The Academy entered into a sponsorship contract commencing on May 15, 2011 and ending on June 30, 2015 with St. Aloysius Orphanage (the "Sponsor") for its establishment. The Sponsor shall carry out the responsibilities established by law, including:

- Monitor the Academy's compliance with the laws applicable to the Academy and with the terms of this contract;

**ACADEMY OF NEW MEDIA MIDDLE SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 7 - FISCAL SERVICES CONTRACT (Continued)

A. Sponsor Contract (Continued)

- Monitor and evaluate the academic and fiscal performance and the organization of the Academy on at least an annual basis;
- Provide reasonable technical assistance to the Academy in complying with this contract and with applicable laws (provided, however, the Sponsor shall not be obligated to give legal advice to the Academy);
- Take steps to intervene in the Academy's operation to correct problems in the Academy's overall performance, declare the Academy to be on probationary status under Ohio Revised Code Section 3314.073, suspend operation of the Academy pursuant to Ohio Revised Code Section 3314.072, or terminate or non-renew this contract pursuant to Ohio Revised Code Section 3314.07, as determined necessary by the Sponsor;
- Establish and/or require a plan of action to be undertaken if the Academy experiences financial difficulties or losses before the end of the school year; and
- Abide by the requirements of its contract with the Ohio Department of Education, even should those requirements affect the Academy.
- The Academy paid the Sponsor \$14,034 for services during fiscal year 2013.

B. Service Contract

The Academy entered into a service contract with Charter School Specialists, LLC (CSS), for a period of twelve months, commencing on July 1, 2012, and ending on June 30, 2013, to provide fiscal, payroll and comprehensive continuous planning consulting services. The Academy paid CSS \$47,331 in service fees for fiscal year 2013.

NOTE 8 - PURCHASED SERVICES

For fiscal year ended June 30, 2013, purchased services expenses were as follows:

Instructional Services	\$2,485
Administrative Operations Services	205,185
Food Service	43,613
Federal Services	81,992
Property Services	<u>100,883</u>
Total Purchased Services	\$434,158

**ACADEMY OF NEW MEDIA MIDDLE SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 9 - PENSION PLANS

A. School Employees Retirement System

Plan Description - The Academy contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Employers/Audit Resources".

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the Academy is required to contribute at an actuarially determined rate, currently 14 percent of annual covered payroll. For fiscal year 2013, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively with the remainder being used to fund healthcare benefits. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System.. The Academy's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2013 and 2012 were \$9,191 and \$13,643, respectively, and 100 percent has been contributed for both fiscal years.

B. State Teachers Retirement System of Ohio

Plan Description - The Academy participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org, under "Publications".

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan.

The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

**ACADEMY OF NEW MEDIA MIDDLE SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

Note 9 – PENSIONS PLANS (Continued)

B. State Teachers Retirement System of Ohio (Continued)

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member 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 - For fiscal year 2013, plan members were required to contribute 10 percent of their annual covered salaries. The Academy was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. The Academy's required contributions for the years ended June 30, 2013 and 2012 were \$87,601 and \$46,027, respectively, of which 100 percent has been contributed for both fiscal years.

NOTE 10 - 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 two postemployment benefit plans.

Medicare Part B Plan

The Medicare Part B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2013 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2013, the actuarially required allocation is .74%. The Academy's required contributions for the years ended June 30, 2013 and 2012 were \$519 and \$806, respectively, of which 100 percent has been contributed for both fiscal years.

Health Care Plan

ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS 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 ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

**ACADEMY OF NEW MEDIA MIDDLE SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 10 - POSTEMPLOYMENT BENEFITS (Continued)

A. School Employees Retirement System (Continued)

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 benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. For the year ended June 30, 2013, the health care allocation is .16%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, prorated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2013, the minimum compensation level was established at \$20,525. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund.

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 Academy's contributions for healthcare (including the surcharge) for the years ended June 30, 2013 and 2012 were \$112 and \$591, respectively, of which 100 percent has been contributed for both fiscal years.

The financial reports of SERS' Health Care and Medicare B plans are 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 of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the post employment health care. The Academy's contributions for health care for fiscal years ending June 30, 2013 and June 30, 2012 were \$6,738 and \$3,541, respectively, of which 100 percent has been contributed for both fiscal years.

**ACADEMY OF NEW MEDIA MIDDLE SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 11 – CONTINGENCIES

A. Grants

The Academy received financial assistance from federal and State agencies in the form of grants. The use of funds received under these programs generally requires compliance with terms and conditions 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; however, the effect of any such disallowed claims on the overall financial position of the Academy at June 30, 2013, if applicable, cannot be determined at this time.

B. State Foundation Funding

The Ohio Department of Education 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. The fiscal year 2013 review resulted in no change to the fiscal year 2013 state foundation funding.

**ACADEMY OF NEW MEDIA MIDDLE SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 12 – SUBSEQUENT EVENTS

The Academy was closed and ceased operations as of August 16, 2013.

The following is a schedule of all revenue and expense transactions which occurred subsequent to June 30, 2013:

Date	Receipts	Expenditure	Payee/Vendor	Description
7/3/2013	\$ 2,406.41	\$ -	ODE	Grant- Title 1
7/8/2013		\$ 6,065.00	Radio One	2013 Summer Enrollment Campaign
7/15/2013		\$ 195.00	Columbus Zoo	Staff and Student Admission, Shelter rental
7/15/2013		\$ 4,234.73	Discount Office Items	Misc. Supplies
7/15/2013		\$ 1,122.00	Kings Island	Admission
7/15/2013		\$ 855.53	NCS Pearson, Inc	Learning assessments
7/15/2013		\$ 1,774.00	Patriot Signage, Inc.	Signs
7/15/2013		\$ 2,500.00	Platinum educational Services	State Reporting Consults.
7/15/2013		\$ 1,026.63	School Mart	Class Supplies
7/15/2013		\$ 680.00	V.A.T., Inc.	Transportation
7/16/2013	\$41,038.48	\$ -	ODE	Foundation Payment
7/17/2013	\$ 0.27	\$ -	Huntington	Investment Interest
7/18/2013		\$ 1,735.19	Anthem BCBS	Insurance
7/18/2013		\$ 387.77	Companion Life Insurance Co.	Life Insurance
7/18/2013		\$ 100.00	Hallie Hesson, RN	Vision screenings
7/18/2013		\$ 165.75	Smart Solutions	IT Support
7/18/2013		\$ 1,164.55	St. Aloysius Orphanage	Sponsor Fees
7/18/2013		\$ 33.50	Time Warner Cable	Internet
7/22/2013	\$ 2,231.84	\$ -	ODE	Grant- IDEA B
7/22/2013	\$ 4,960.65	\$ -	ODE	Grant- Title 1
7/23/2013	\$26,682.89	\$ -	ODE	PCSP
7/31/2013		\$ 19,685.44	CDW Government, Inc	Computers
7/31/2013		\$ 4,321.00	Charter School Specialists	Fiscal, Payroll, and CCIP Services (May)
8/6/2013	\$ 3,464.11	\$ -	ODE	Grant- IDEA B
8/7/2013	\$ 2,200.00	\$ -	Public Auction	Auction
8/7/2013	\$ 7,115.97	\$ -	ODE	Grant- Title 1 FY13
8/8/2013		\$ 152.79	Calhoun Plumbing, Inc.	Plumbing Services
8/8/2013		\$ 4,321.00	Charter School Specialists	Fiscal, Payroll, and CCIP Services (June)
8/8/2013		\$ 271.00	Great America Leasing Corp	Copier Lease
8/12/2013	\$26,525.44	\$ -	U.S. Department of Education	Grant- PCSP FY13
8/13/2013	\$11,822.00	\$ -	Public Auction	Auction
8/16/2013		\$ 387.77	Companion Life Insurance Co.	Life Insurance
8/28/2013		\$ 41,038.48	Treasurer, State of Ohio	Return of July Foundation Payment
8/29/2013		\$ 127.29	Kone, Inc.	Maintenance coverage
8/30/2013		\$ 187.00	State Teachers Retirement	August STRS
8/30/2013	\$ 2,187.92	\$ -	Franklin County	Casino Revenue
9/6/2013		\$ 2,047.74	BWC State Insurance Fund	Insurance- (7/1/12-12/31/12)
9/6/2013		\$ 3,221.00	Charter School Specialists	Fiscal, Payroll, and CCIP Services (July)
9/6/2013		\$ 722.00	Eastman & Smith	Professional Services
9/6/2013		\$ 4,110.98	Guitar Center	Audio Equipment
9/6/2013		\$ 1,646.48	Hewlett Packard	Printer and Cartridges
9/6/2013		\$ 500.00	Mid Ohio Business Machines	Machine pick up
9/6/2013		\$ 42.00	School Outfitters, LLC	Supplies

**ACADEMY OF NEW MEDIA MIDDLE SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 12 – SUBSEQUENT EVENTS (Continued)

9/6/2013		\$ 1,045.00	V.A.T., Inc.	School Transport
10/7/2013	\$12,404.46	\$ -	U.S. Department of Education	PCSP FY13
10/9/2013		\$ 12,400.00	Apple, Inc	Computers and Applications
10/23/2013	\$ 191.25	\$ -	Various	Refund of PY exp.
12/5/2013		\$ 1,950.00	Asguard Financial Solutions LLC	Accounting Services
12/9/2013		\$ 300.00	Elton Smith	Landscaping Services
12/31/2013		\$ 63,305.83	Payroll	Gross pay and payroll expenses
2/26/2014		\$ 600.00	Asguard Financial Solutions LLC	Accounting Services
2/26/2014		\$ 779.00	Treasurer, State of Ohio	Financial Audit
3/7/2014		\$ 4,428.00	Treasurer, State of Ohio	Financial Audit

As of the report date, the Academy has a remaining bank balance of \$34,785, which will be used to liquidate any outstanding liabilities, with any excess being returned to the Ohio Department of Education. Additionally, the Academy liquidated all capital assets via an auction held in August 2013.

NOTE 13 - OPERATING LEASES

The Academy entered into an operating lease agreement with the Columbus City School District Board of Education (the "Lessor") to lease the Douglas Elementary school building and land located at 43 South Douglas Street, Columbus, Ohio, 43205. The initial lease term commenced April 1, 2011 and ends on June 30, 2016. Total Lease payments made during fiscal year 2013 were \$61,344. As noted above, the Academy ceased operations thus no future lease payments are required.

NOTE 14 - TAX EXEMPT STATUS

The Academy was approved under § 501(c)(3) of the Internal Revenue Code as a tax exempt organization. Management is not aware of any course of action or series of events that might adversely affect the Academy's tax exempt status.

NOTE 15 – CHANGE IN ACCOUNTING PRINCIPLES

For the fiscal year 2013, the Academy implemented the following:

GASB Statement No. 61 "The Financial Reporting Entity: Omnibus- - an amendment of GASB Statements No. 14 and No. 34 "improves financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, "The Financial Reporting Entity", and the related financial reporting requirements of Statement No. 34, "Basic Financial Statements- - and Management's Discussion and Analysis- - for State and Local Governments", were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. The implementation of this statement did not have a significant effect on the financial statements of the Academy.

GASB Statement No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements" incorporates certain accounting and financial reporting guidance issued on or before November 30, 1989, into the GASB's authoritative literature that do not conflict with or contradict GASB pronouncements. The implementation of this statement did not have a significant effect on the financial statements of the Academy.

GASB Statement No. 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. The implementation of this statement resulted in the reclassification of Net Assets to Net Position.

**ACADEMY OF NEW MEDIA MIDDLE SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 15 – CHANGE IN ACCOUNTING PRINCIPLES (Continued)

GASB Statement No. 65 “Items Previously Reported as Assets and Liabilities” clarifies the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources. The implementation of this statement requires the Academy to expenses all debt issuance costs, rather than defer and amortize tem over the life of the applicable debt issue. The implementation of this statement did not have an effect on the financial statements of the Academy.

For fiscal years 2013, the Academy changed from reporting on a cash basis of accounting to reporting on a GAAP basis (see Note 2). The cash net position has been restated to account for the change in accounting principle, which effectvely brought on the capital asset balance from fiscal year 2012 previously not reported. This change had the following effect on net position at June 30, 2012:

Cash Net position at June 30, 2012	\$75,103
Change in Reporting Basis – capital assets	<u>1,415</u>
Net position at June 30, 2012, restated	\$76,518

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Dave Yost • Auditor of State

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

Academy of New Media Middle School
Franklin County
40 Hill Road South
Pickerington, Ohio 43147

To the Sponsor:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' Government Auditing Standards, the financial statements of the Academy of New Media Middle School, Franklin County, Ohio, (the Academy) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated March 13, 2014, wherein we noted the Academy ceased operations on August 16, 2013.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Academy's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Academy's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Academy's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2013-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

March 13, 2014

**ACADEMY OF NEW MEDIA MIDDLE SCHOOL
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
JUNE 30, 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding 2013-001

Financial Reporting – Material Weakness

Sound financial reporting is the responsibility of the Academy's Treasurer and Board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following audit adjustments were material to the Academy's 2013 financial statements and were made to the Academy's accounting records and financial statements:

1. Reclassification of other operating receipts as noncapital financing receipts from federal and state grants in the amount of \$348,018 on the Statement of Cash Flows.
2. Reclassification of other operating revenues as federal and state grants in the amount of \$50,148 on the Statement of Revenues, Expenses, and Changes in Net Position.
3. Reclassification of net cash provided for investing activities for \$10,529 and cash payments for other operating expenses for \$3,074 as capital and related financing for acquisition of capital assets for \$13,603 on the Statement of Cash Flows.
4. Reclassification of Materials and Supplies Expense as Depreciation Expense in the amount of \$3,074 on the Statement of Revenues, Expenses, and Changes in Net Position.
5. Reclassification of unrestricted net position as net investment in capital assets in the amount of \$11,944 on the Statement on Net Position
6. Reclassification of salaries and wages as purchased services of \$96,852 on the Statement of Revenues, Expenses, and Changes in Net Position.
7. Reclassification of fringe benefits as salaries, wages and benefits for \$144,346 on the Statement of Revenues, Expenses, and Changes in Net Position.
8. Reclassification of cash payments for other operating expenses as cash payments for materials and supplies for \$100,545 on the Statement of Cash Flows.
9. Reclassification of restricted net position as unrestricted net position in the amount of \$28,841 on the Statement of Net Position.
10. Understatement of accounts payable and materials and supplies expense for \$10,300 on the Statement of Net Position and Statement of Revenues, Expenses and Change in Net Position.

Lack or failure of controls over the posting of financial transactions and financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data throughout the year.

We recommend the Academy develop policies and procedures to enhance its controls over recording of financial transactions and financial reporting to help ensure the information accurately reflects the activity of the Academy and thereby increasing the reliability of the financial data throughout the year.

We did not receive an Official's Response for the finding reported above.

**ACADEMY OF NEW MEDIA MIDDLE SCHOOL
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	OAC 117-2-03(B) for not filing on a GAAP basis	Yes	



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ACADEMY OF NEW MEDIA MIDDLE SCHOOL

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 15, 2014**