COLUMBUS COLLEGIATE ACADEMY

FRANKLIN COUNTY

Audit Report

For the Year Ended June 30, 2017

Charles E. Harris & Associates
certified public accountants & government consultants

Dave Yost • Auditor of State

Board of Directors
Columbus Collegiate Academy
1469 East Main Street
Columbus, OH 43205

We have reviewed the Independent Auditor's Report of the Columbus Collegiate Academy, Franklin County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2016 through June 30, 2017. 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 Columbus Collegiate Academy is responsible for compliance with these laws and regulations.

Dave Yost
Auditor of State

January 26, 2018

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COLUMBUS COLLEGIATE ACADEMY
FRANKLIN COUNTY
AUDIT REPORT
For the Year Ending June 30, 2017

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

INDEPENDENT AUDITOR'S REPORT

Columbus Collegiate Academy
Franklin County
1469 East Main Street
Columbus, Ohio 43205

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Columbus Collegiate Academy, Franklin County, Ohio (the Academy), as of and for the year ended June 30, 2017, 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 Columbus Collegiate Academy, Franklin County, Ohio, as of June 30, 2017, 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 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 22, 2017, 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. 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 Academy's internal control over financial reporting and compliance.

Charles E. Harris & Associates, Inc.
December 22, 2017

COLUMBUS COLLEGIATE ACADEMY
Franklin County

Management's Discussion and Analysis
For the Year Ended June 30, 2017
(Unaudited)

The discussion and analysis of Columbus Collegiate Academy's (the School) financial performance provides an overall review of the financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the School's financial performance as a whole. Readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School's financial performance.

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

Financial Highlights

Key financial highlights for the Columbus Collegiate Academy during fiscal year 2017 are as follows:

- Total net position of the School was negative $1,513,935 at fiscal year-end, a decrease of $188,824 in comparison with the prior fiscal year-end.

- Total assets and deferred outflows of resources increased $627,701 and total liabilities and deferred inflows of resources increased $816,525 from the prior year.

- The School's operating loss for fiscal year 2017 was $885,205 compared with an operating loss of $639,846 reported for the prior year.

Using this Financial Report

This financial report contains the basic financial statements of the School, as well as the Management's Discussion and Analysis and notes to the basic financial statements. The basic financial statements include a Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows. As the School reports its operations using enterprise fund accounting, all financial transactions and accounts are reported as one activity, therefore the entity wide and the fund presentations information is the same.

Statement of Net Position

The Statement of Net Position answers the question, "How did we do financially during the fiscal year?" This statement includes all assets and deferred outflows of resources and all liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term, using the accrual basis of accounting and the economic resources focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

This statement reports the School's net position; however, in evaluating the overall position and financial viability of the School, non-financial information such as the condition of the School's property and potential changes in the laws governing charter schools in the State of Ohio will also need to be evaluated.

Table 1 provides a summary of the School's net position for fiscal year 2017 compared to those reported for fiscal year 2016.

Table 1
Net Position

	2017	2016
Assets:		
Current Assets	$ 939,768	$ 799,921
Capital Assets, Net	551,344	346,858
Total Assets	1,491,112	1,146,779
Deferred Outflows of Resources	1,308,583	1,025,215
Liabilities		
Current Liabilities	300,796	100,547
Noncurrent Liabilities	3,938,579	3,187,641
Total Liabilities	4,239,375	3,288,188
Deferred Inflows of Resources	74,255	208,917
Net Position:		
Net Investment in Capital Assets	551,344	346,858
Restricted	69,729	62,791
Unrestricted	(2,135,008)	(1,734,760)
Total Net Posiiton	$ (1,513,935)	$ (1,325,111)

Current Assets increased significantly in comparison with the prior fiscal year-end. This increase is the result of an increase in cash and cash equivalents during the fiscal year.

Capital Assets, Net and Current Liabilities both increased significantly in comparison with the prior fiscal year-end. These increases are primarily the result of a roofing project at fiscal year-end.

Net Pension Liability (the most significant component of Noncurrent Liabilities) and related Deferred Outflows of Resources and Deferred Inflows of Resources all changed significantly in comparison with the prior fiscal year-end. These changes are primarily the result of a change in actuarial assumptions and the difference between expected and actual investment returns, as reported by the pension systems.

The net position reported for fiscal year 2017 decreased by $188,824 to negative $1,513,935. Table 2 demonstrates the details of this increase.

Table 2
Change in Net Position

	2017	2016
Operating Revenues:		
Foundation Payments	$ 1,540,257	$ 1,470,714
Charges for Services	-	448
Other Unrestricted Grants-in-Aid	57,109	43,502
Non Operating Revenues:		
State and Federal Grants	628,836	640,446
Local Grants and Contributions	63,343	39,144
Other	4,202	2,708
Total Revenues	2,293,747	2,196,962
Operating Expenses:		
Salaries & Wages	911,007	829,102
Fringe Benefits	588,456	408,728
Purchased Services	759,103	712,902
Materials and Supplies	158,570	155,201
Depreciation	44,658	31,912
Other Expenses	20,777	16,665
Non-Operating Expenses		
Interest Expense	-	3,098
Total Expenses	2,482,571	2,157,608
Change in Net Position	(188,824)	39,354
Net Position, Beginning of Year	(1,325,111)	(1,364,465)
Net Position, End of Year	$ (1,513,935)	$ (1,325,111)

Foundation Payments increased slightly in comparison to the prior year. This increase is the result of an increase in student count from the prior year.

Salaries and benefits increased in comparison with the prior fiscal year. This increase is the result of an increase in the number of employees from the prior year.

Fringe Benefits also increase significantly in comparison with the prior fiscal year. This increase is the result of an increase in the number of employees from the prior year as well as an increase in pension expense, as reported by the pension systems.

Capital Assets

At the end of fiscal year 2017, the School had $551,344 invested in capital assets, a $204,486 increase in comparison with the prior year. This increase represents the amount in which current year additions of $249,144 exceeded current year depreciation of $44,658. See Note 5 of the basic financial statements for additional details.

Debt

At the end of fiscal year 2017, the School had no debt outstanding.

Budgetary

Unlike other public schools located in the State of Ohio, community schools are not required to follow the budgetary provisions set forth in the Ohio Revised Code Chapter 5705 unless specifically provided in the School's contract with its Sponsor. The School does provide an annual budget in addition to five-year forecasts in October and May of each fiscal year according to its Sponsor agreement.

Current Financial Issues

The future financial stability of the School is not without challenges. The slight increase in student enrollment for the 2017 fiscal year has helped the financial health projections for the School for the current year. There will continue to be other challenges outside of the School's control (i.e. – the economy, the state budget). Since the primary source of funding is the state foundation program, an economic slowdown in the state could result in budgetary cuts to education, which would have a negative impact on the School.

Contacting the School

This financial report is designed to provide a general overview of the finances of the Columbus Collegiate Academy and to show the School's accountability for the monies it receives to all vested and interested parties, as well as meeting the annual reporting requirements of the State of Ohio. Any questions about the information contained within this report or requests for additional financial information should be directed to the Treasurer of the Columbus Collegiate Academy, 1469 East Main Street, Columbus, Ohio 43205.

COLUMBUS COLLEGIATE ACADEMY
FRANKLIN COUNTY

STATEMENT OF NET POSITION
AS OF JUNE 30, 2017

Assets:	
Current Assets	
Cash and Cash Equivalents	$ 904,729
Intergovernmental Receivables	35,039
Total Current Assets	939,768
Noncurrent Assets	
Nondepreciable Capital Assets	206,631
Depreciable Capital Assets, Net	344,713
Total Noncurrent Assets	551,344
Total Assets	1,491,112
Deferred Outflows of Resources:	
Pension	1,308,583
Liabilities:	
Current Liabilities	
Accounts Payable	204,934
Accrued Wages and Benefits	77,617
Intergovernmental Payable	18,245
Total Current Liabilities	300,796
Long-Term Liabilities:	
Net Pension Liability	3,938,579
Total Liabilities	4,239,375
Deferred Inflows of Resources:	
Pension	74,255
Net Position:	
Net Investment in Capital Assets	551,344
Restricted	69,729
Unrestricted	(2,135,008)
Total Net Position	$ (1,513,935)

See accompanying notes to the basic financial statements.

COLUMBUS COLLEGIATE ACADEMY
FRANKLIN COUNTY

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Operating Revenues:	
Foundation Payments	$ 1,540,257
Other Unrestricted Grants-in-Aid	57,109
Total Operating Revenues	1,597,366
Operating Expenses:	
Salaries and Wages	911,007
Fringe Benefits	588,456
Purchased Services	759,103
Materials and Supplies	158,570
Depreciation	44,658
Other	20,777
Total Operating Expenses	2,482,571
Operating Loss	(885,205)
Non-Operating Revenues (Expenses):	
Federal Grants	430,986
State Grants	197,850
Local Grants and Contributions	63,343
Other Revenue	4,202
Total Non-Operating Revenues (Expenses)	696,381
Change in Net Position	(188,824)
Net Position Beginning of Year	(1,325,111)
Net Position End of Year	$ (1,513,935)

See accompanying notes to the basic financial statements.

COLUMBUS COLLEGIATE ACADEMY
FRANKLIN COUNTY

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Cash Flows from Operating Activities:	
Cash Received from State of Ohio	$ 1,595,757
Cash Payments to Employees for Services and Benefits	(1,167,356)
Cash Payments to Suppliers for Goods and Services	(938,783)
Net Cash Used for Operating Activities	(510,382)
Cash Flows from Noncapital Financing Activities:	
Federal and State Grants	649,546
Local Grants and Contributions	63,343
Cash Received for Other Revenue	3,449
Net Cash Provided by Noncapital Financing Activities	716,338
Cash Flows from Capital and Related Financing Activities:	
Cash Payments for Capital Acquisitions	(63,803)
Net Cash Used for Capital and Related Financing Activities	(63,803)
Cash Flows from Investing Activities:	
Interest on Cash and Cash Equivalents	753
Net Cash Provided by Investing Activities	753
Net Increase in Cash and Cash Equivalents	142,906
Cash and Cash Equivalents at Beginning of Year	761,823
Cash and Cash Equivalents at End of Year	$ 904,729

See accompanying notes to the basic financial statements.

COLUMBUS COLLEGIATE ACADEMY
FRANKLIN COUNTY

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Reconciliation of Operating Loss to Net Cash Used for Operating Activities:		
Operating Loss	$	(885,205)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:		
Depreciation		44,658
Changes in Assets and Liabilities:		
Intergovernmental Receivable		(21,657)
Accounts Receivable		7
Prepaid Assets		3,999
Accounts Payable		(7,024)
Intergovernmental Payable		3,693
Accrued Wages and Benefits Payable		18,239
Net Pension Liability and Related Deferrals		332,908
Net Cash Used for Operating Activities	$	(510,382)

See accompanying notes to the basic financial statements.

1. Description of the School and Reporting Entity

Columbus Collegiate School (the School), is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702 to address the needs of students in grades 6 through 8. The School, which is part of the State's education program, is independent of any school district and is non sectarian in its programs, admission policies, employment practices, and all other operations. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School.

The School had one fiscal service provider during the fiscal year, Mangen & Associates, and the Thomas B. Fordham Foundation was the School's sponsor. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

The School operates under the direction of an seven-member Board of Trustees (the Board). The Board is responsible for carrying out the provisions of the contract, which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Board controls the School's instructional/support facility staffed by 13 non-certified and 21 certificated full time teaching personnel who provide services to 218 students.

The School has a service agreement with Mangen & Associates to provide certain financial and accounting services, including performing all duties required of the Treasurer of the School. See Note 11 for more information.

2. Summary of Significant Accounting Policies

The financial statements of the School have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental nonprofit organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School's 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, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

2. Summary of Significant Accounting Policies (Continued)

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources and all liabilities and deferred inflows of resources are included on the Statement of Net Position. The difference between total assets and deferred outflows of resources and liabilities and deferred inflows of resources is defined as net position. The Statement of Revenues, Expenses and Changes in Net Position present increases (i.e., revenues) and decreases (i.e., expenses) in net total 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. 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 Rev. Code Section 5705, unless specifically provided in the School's contract with its Sponsor. The contract between the School and its Sponsor does prescribe an annual budget requirement in addition to preparing a five-year forecast which is to be updated biannually.

D. Cash and Cash Equivalents

All monies received by the School are maintained in a demand deposit account. For internal accounting purposes, the School segregates its cash into separate funds.

E. Prepaid Assets

Payments made to vendors for services that will benefit periods beyond fiscal year-end are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expense is reported in the year which services are consumed.

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 acquisition values as of the date received. The School maintains a capitalization threshold of $500. Improvements are capitalized. The cost 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.

2. Summary of Significant Accounting Policies (Continued)

All reported capital assets are depreciated. Improvements to capital assets are depreciated over the remaining useful life of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimate Life
Building and Improvements	25 years
Leasehold Improvements	Remaining Term of Lease (NTE 5 years)
Furniture and Equipment	5 years
Technology Equipment	3 years
Vehicles	7 years

G. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. For the School, deferred outflows of resources are reported on the Statement of Net Position for pensions. These deferred outflows of resources related to pensions are explained in Note 7.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. This deferred inflow of resources related to pension is explained in Note 7.

H. Estimates

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

I. Intergovernmental Revenues

The School is a participant in the State Foundation Program. In addition, the State distributes among all public schools, a percentage of proceeds received from the tax on gross casino revenue, to be used to support primary and secondary education. Foundation funding, other unrestricted grants in aid and charges for services are recognized as operating revenues in the accounting period in which they are earned, essentially the same as the fiscal year received. Federal and state grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements of the grants have been met.

2. Summary of Significant Accounting Policies (Continued)

J. Operating and Non-Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly by the School's primary mission. For the School, operating revenues include revenues paid through the State Foundation Program, Other Unrestricted Grants-in-Aid, and Charges for Services. Operating expenses are necessary costs incurred to support the School's primary mission, including salaries, benefits, purchased services, materials and supplies, depreciation and other.

Non-operating revenues and expenses are those that are not generated directly by the School's primary mission. Various Federal and State grants, interest earnings and expense, if any, and contributions comprise the non-operating revenues and expenses of the School.

K. Accrued Liabilities Payable

The School has recognized certain liabilities on its Statement of Net Position relating to expenses, which are due but unpaid as of fiscal year-end, including:

Accrued Wages and Benefits payable – salary payments made after year-end to instructional and support staff for services rendered prior to the end of June, but whose payroll continues into the summer months based on the fiscal year 2017 contract.

Accounts payable – payments due for services or goods that were rendered or received during fiscal year 2017.

Intergovernmental payable - payments made after year-end for the Schools' share of retirement contributions, Medicare and Workers' Compensation associated with services rendered during the fiscal year.

L. Unearned Revenue

If the School receives restricted funds that were not spent by the end of the fiscal year, the amount received is classified as unearned revenue and is carried over to the next fiscal year and repaid if not spent.

M. Federal Tax Exemption Status

The School is a non-profit organization that has been determined by the Internal Revenue Service to be exempt from federal income taxes as a tax-exempt organization under Section 501 (c)(3) of the Internal Revenue Code.

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.

O. Net Position

Net position represents the difference between total assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net Investment in Capital Assets consists of capital assets, net of accumulated depreciation, less outstanding debt related to Capital Assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The School applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

3. Deposits and Investments

At June 30, 2017, the carrying amount of the School's deposits was $904,729 and the bank balance was $925,075. Of the School's bank balance, $500,000 was covered by the Federal Deposit Insurance Corporation (FDIC), and the remaining balance was collateralized in accordance with Ohio Revised Code, as discussed below.

Custodial credit risk is the risk that, in the event of bank failure, the School's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School. The School has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School to a successful claim by the FDIC.

4. Intergovernmental Receivables

All intergovernmental receivables are considered collectible in full due to the stable condition of State programs. Intergovernmental receivables at year-end represent an overpayment to the State Teachers Retirement System, underpayment of foundation payments, and federal grants.

5. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2017 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Nondepreciable Capital Assets:				
Construction in Progress	$ -	$ 206,631	$ -	$ 206,631
Depreciable Capital Assets:				
Buildings and Improvements	316,350	4,263	-	320,613
Leasehold Improvements	30,095	-	-	30,095
Furniture and Equipment	292,472	38,250	-	330,722
Total Depreciable Capital Assets	638,917	42,513	-	681,430
Less Accumulated Depreciation:				
Buildings and Improvements	(25,308)	(12,825)	-	(38,133)
Leasehold Improvements	(5,123)	(4,227)	-	(9,350)
Furniture and Equipment	(261,628)	(27,606)	-	(289,234)
Total Accumulated Depreciation	(292,059)	(44,658)	-	(336,717)
Depreciable Capital Assets, Net	$ 346,858	$ (2,145)	$ -	$ 344,713
Total Capital Assets, Net	$ 346,858	$ 204,486	$ -	$ 551,344

6. Risk Management

A. Property and Liability Insurance - The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. For the year ended June 30, 2017, the School contracted with Argonaut Insurance Company for its insurance coverage as follows:

Commercial Property - Building	$4,665,225
Commercial Property – Personal Property	$250,000
Commercial Inland Marine – Computer Equipment	$500,000
Forgery or Alteration	$50,000
Employee Dishonesty	$500,000
Theft, Disappearance, and Destruction	$25,000
General Liability per occurrence ($0 Deductible)	$1,000,000
General Liability (aggregate)	$3,000,000
Commercial Auto	$1,000,000

6. Risk Management

Settlement amounts did not exceed coverage amounts in the three prior years. There also have been no significant reductions in coverage compared to prior year.

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

7. Defined Benefit Pension Plans

Net Pension Liability

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

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

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

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

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

7. Defined Benefit Pension Plans (Continued)

Plan Description - School Employees Retirement System (SERS)

Plan Description – School non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2017, the allocation to pension, death benefits, and Medicare B was 14 percent. The was no percentage allocated to the Health Care Fund in fiscal year 2017.

The School's contractually required pension contribution to SERS was $55,510 for fiscal year 2017. Of this amount, $4,886 is reported as an intergovernmental payable.

7. Defined Benefit Pension Plans (Continued)

Plan Description - State Teachers Retirement System (STRS)

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

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.

7. Defined Benefit Pension Plans (Continued)

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 was increased one percent each year until it reached 14 percent on July 1, 2016.

For the fiscal year ended June 30, 2017, plan members were required to contribute 14 percent of their annual covered salary. The School was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2016 contribution rates were equal to the statutory maximum rates.

The School's contractually required contribution to STRS was $171,594 for fiscal year 2017. The entire amount has been contributed as of June 30, 2017.

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, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the School's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	$552,107	$3,386,472	$3,938,579
Proportion of the Net Pension Liability- 2017	0.0075434%	0.01011702%	
Proportion of the Net Pension Liability- 2016	0.0052388%	0.01045230%	
Change in Proportionate Share	0.0023046%	-0.00033528%	

7. Defined Benefit Pension Plans (Continued)

At June 30, 2017, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$7,447	$136,830	$144,277
Changes of assumptions	36,856	-	36,856
Net difference between projected and actual earnings on pension plan investments	45,541	281,168	326,709
Differences due to change in proporationate share percentage between measurement dates	172,806	400,831	573,637
School contributions subsequent to the measurement date	55,510	171,594	227,104
Total Deferred Outflows of Resources	$318,160	$990,423	$1,308,583
Deferred Inflows of Resources			
Differences due to change in proporationate share percentage between measurement dates	$0	$74,255	$74,255
Total Deferred Inflows of Resources	$0	$74,255	$74,255

$227,104 reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018.

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2018	$94,542	$246,297	$340,839
2019	96,147	246,302	342,449
2020	58,869	158,979	217,848
2021	13,092	92,996	106,088
Total	$262,650	$744,574	$1,007,224

7. Defined Benefit Pension Plans (Continued)

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, 2016, are presented below:

Wage Inflation	3 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an experience study that was completed June 30, 2015. As a result of the actuarial experience study, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25 percent to 3.00 percent, (b) payroll growth assumption was reduced from 4.00 percent to 3.50 percent, (c) assumed real wage growth was reduced from 0.75 percent to 0.50 percent, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates and (g) mortality among disable members was updated to RP-2000 Disables Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

7. Defined Benefit Pension Plans (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

Discount Rate The total pension liability was calculated using the discount rate of 7.50 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 (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 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 (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School's proportionate share of the net pension liability	$730,956	$552,107	$402,404

7. Defined Benefit Pension Plans (Continued)

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2016, 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, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

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

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

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. 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.

7. Defined Benefit Pension Plans (Continued)

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, 2016. 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, 2016.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School's proportionate share of the net pension liability	$4,500,346	$3,386,472	$2,446,853

Changes Between Measurement Date and Report Date In March 2017, the STRS Board adopted certain assumptions changes which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75 percent to 7.45 percent. In April 2017, the STRS Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the overall decrease to the School's net pension liability is expected to be significant.

8. Post-employment Benefits

A. School Employees Retirement System

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

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

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

8. Post-employment Benefits (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 pensions and benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund to be used to subsidize the cost of health care coverage. For the year ended June 30, 2017, the health care allocation is 0.00%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. By statute no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2017, the minimum compensation level was established at $23,500. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund.

School contributions assigned to health care for the years ended June 30, 2017, 2016, and 2015 were $5,256, $2,597, and $2,167, respectively. The entire amount has been contributed for fiscal years 2015 and 2016. For fiscal year 2017, the entire amount is reported as intergovernmental payable.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status. The financial reports on SERS' Health Care plan is included in its Comprehensive Annual Financial Report. The report can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

B. State Teachers Retirement System of Ohio

Plan Description – The School participates to the cost sharing multiple-employer defined benefit Health Plan (the "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. 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 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 Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2017, STRS did not allocate any employer contributions to post-employment health care.

The School's contractually required health care contributions to STRS for fiscal years 2017, 2016, and 2015 was $0 for all three years.

9. Restricted Net Position

At June 30, 2017, the School reported restricted net position as follows:

Food Service program	$ 69,390
Federal specific educational program grants	339
Total	$ 69,729

10. Contingencies

A. Grants

The School received financial assistance from federal and 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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. The effect of any such disallowed claims on the overall financial position of the School at June 30, 2017, if applicable, cannot be determined at this time. However, in the opinion of the School, any such disallowed claims will not have a material adverse effect on the financial position of the School at fiscal year-end.

B. **Foundation Funding**

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. However, there is an important nexus between attendance and enrollment for Foundation funding purposes. Community schools must provide documentation that clearly demonstrates students have participated in learning opportunities. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end.

Under Ohio Rev. Code Section 3314.08, ODE may also perform a FTE Review subsequent to the fiscal year end that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance. ODE performed such a review on the School for fiscal year 2017 and determined the School was underpaid by $4,278. This amount is reported as intergovernmental receivable on the statement of net position.

As of the date of this report, additional ODE adjustments for fiscal year 2017 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2017 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the School.

In addition, the School's contracts with their Sponsor require payment based on revenues received from the State. As discussed above, additional FTE adjustments for fiscal year 2017 are not finalized. Until such adjustments are finalized by ODE, the impact on the fiscal year 2017 financial statements, related to additional reconciliation necessary with these contracts, is not determinable. Management believes this may result in either an additional receivable to, or liability of, the School.

11. Contracted Fiscal Services

The School is a party to a fiscal services agreement with Mangen & Associates (M&A) School Resource Center, which is an education finance consulting company. The agreement may be terminated by either party, with or without cause, by giving the other party ninety days written notice to terminate. The agreement provides that M&A will perform the following services:

1. Financial Management Services
2. Treasurer Services
3. Payroll / Payables Services
4. CCIP Budget / Federal Programs Monitoring
5. EMIS / DASL / SOES Services

The total payments for these services during fiscal year 2017 was $48,418.

12. Other Employee Benefits

Employee Medical and Dental Benefits - The School has purchased insurance from Anthem blue Cross Blue Shield and Humana to provide employee medical/surgical, dental, life, vision and short-term disability benefits. The School pays 80% of the employee premium.

13. Purchased Services

During the fiscal year, purchased service expenses for services rendered by various vendors were as follows:

Professional and Technical Services	$ 401,837
Contracted Food Services	169,835
Property Services	107,737
Utilities	57,883
Transportation	19,024
Rentals	1,680
Travel/Meetings	1,107
Total	$ 759,103

14. Sponsor

The School has contracted with Thomas B. Fordham Foundation to provide sponsorship services. The School pays the Thomas B. Fordham Foundation 2 percent of monthly foundation payments. The total fees paid under this contract for fiscal year 2017 totaled $31,163. The sponsor provides oversight, monitoring, treasury and technical assistance for the School.

15. Change in Accounting Principles

For fiscal year 2017, the School implemented *GASB Statement No. 77 "Tax Abatement Disclosures"* which improves disclosure of tax abatement information, such as how the tax abatements affect their financial statements and operations and the government's ability to raise resources in the future, by reporting (1) the government's own tax abatement agreements; and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The implementation of this statement did not have an effect on the financial statements of the School.

For fiscal year 2017, the School implemented *GASB Statement No. 78 "Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans"* which amends the scope and applicability of GASB Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer. The implementation of this statement did not have an effect on the financial statements of the School.

For fiscal year 2017, the School implemented *GASB Statement No. 79 "Certain External Investment Pools and Pool Participants"* which 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 this statement did not have an effect on the financial statements of the School.

For fiscal year 2017, the School implemented *GASB Statement No. 80 "Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14"* which amends the blending requirements for the financial statement presentation of component units of all state and local governments to enhanced the comparablilty of financial statements among governments. The implementation of this statement did not have an effect on the financial statements of the School.

For fiscal year 2017, the School implemented *GASB Statement No. 82 "Pension Issues – An Amendment of GASB Statements No. 67, 68, and 73"* which addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy plan member contribution requirements. The implementation of this statement did not have an effect on the financial statements of the School.

COLUMBUS COLLEGIATE ACADEMY
FRANKLIN COUNTY

SCHEDULE OF SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

LAST 4 FISCAL YEARS (1)

	2016	2015	2014	2013
School's Proportion of the Net Pension Liability	0.0075434%	0.0052388%	0.004211%	0.004211%
School's Proportionate Share of the Net Pension Liability	$ 552,107	$ 298,931	$ 213,116	$ 250,415
School's Covered-Employee Payroll	$ 234,795	$ 157,251	$ 122,370	$ 69,656
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	235.14%	190.10%	174.16%	359.50%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2013 is not available.

COLUMBUS COLLEGIATE ACADEMY
FRANKLIN COUNTY

SCHEDULE OF SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM OF OHIO

LAST 4 FISCAL YEARS (1)

	2016	2015	2014	2013
School's Proportion of the Net Pension Liability	0.01011702%	0.01045230%	0.01038094%	0.01038094%
School's Proportionate Share of the Net Pension Liability	$ 3,386,472	$ 2,888,710	$ 2,525,004	$ 3,007,768
School's Covered-Employee Payroll	$ 1,083,312	$ 1,095,792	$ 1,060,645	$ 771,570
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	312.60%	263.62%	238.06%	389.82%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2013 is not available.

COLUMBUS COLLEGIATE ACADEMY
FRANKLIN COUNTY

SCHEDULE OF SCHOOL CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

LAST NINE FISCAL YEARS (1)

	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually Required Contribution	$ 55,510	$ 32,871	$ 20,726	$ 16,961	$ 9,640	$ 14,048	$ 9,142	$ 6,474	$ 4,949
Contributions in relation to the contractually required contribution	$ 55,510	$ 32,871	$ 20,726	$ 16,961	$ 9,640	$ 14,048	$ 9,142	$ 6,474	$ 4,949
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 396,500	$ 234,795	$ 157,251	$ 122,370	$ 69,656	$ 104,452	$ 72,729	$ 47,814	$ 50,295
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	13.18%	13.86%	13.84%	13.45%	12.57%	13.54%	9.84%

(1) Fiscal year 2009 was the School's first year of operation.

COLUMBUS COLLEGIATE ACADEMY
FRANKLIN COUNTY

SCHEDULE OF SCHOOL CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM OF OHIO

LAST NINE FISCAL YEARS (1)

	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually Required Contribution	$ 171,594	$ 151,664	$ 153,411	$ 137,884	$ 100,304	$ 80,969	$ 55,862	$ 57,552	$ 36,768
Contributions in relation to the contractually required contribution	$ 171,594	$ 151,664	$ 153,411	$ 137,884	$ 100,304	$ 80,969	$ 55,862	$ 57,552	$ 36,768
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 1,225,669	$ 1,083,312	$ 1,095,792	$ 1,060,645	$ 771,570	$ 622,837	$ 429,708	$ 442,708	$ 282,831
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

(1) Fiscal year 2009 was the School's first year of operation.

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Certified Public Accountants

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

Columbus Collegiate Academy
Franklin County
1469 East Main Street
Columbus, Ohio 43205

To the Board of Directors:

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 Columbus Collegiate Academy, Franklin County, Ohio (the Academy), as of and for the year ended June 30, 2017, 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 22, 2017.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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, 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 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 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.

Charles E. Harris & Associates, Inc.
December 22, 2017

Dave Yost · Auditor of State

COLUMBUS COLLEGIATE 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
FEBRUARY 8, 2018

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