

COLUMBUS COLLEGIATE ACADEMY

FRANKLIN COUNTY

Audit Report

For the Year Ended June 30, 2016





Dave Yost • Auditor of State

Board of Education
Columbus Collegiate Academy
1469 East Main Street
Columbus, Ohio 43205

We have reviewed the *Independent Auditors' Report* of the Columbus Collegiate Academy, Franklin County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2015 through June 30, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

March 14, 2017

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**COLUMBUS COLLEGIATE ACADEMY
FRANKLIN COUNTY
AUDIT REPORT
For the Year Ending June 30, 2016**

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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 School), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Columbus Collegiate Academy, Franklin County, Ohio, as of June 30, 2016, and the changes in financial position and cash flows thereof for the year then ended in accordance with the 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 this presentation to include *Management's discussion and analysis* and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2016, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.

December 20, 2016

COLUMBUS COLLEGIATE ACADEMY
Franklin County

Management's Discussion and Analysis
For the Year Ended June 30, 2016
(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, 2016. 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 2016 are as follows:

- Total net position of the School was negative \$1,325,111 at fiscal year-end, an increase of \$39,354 in comparison with the prior fiscal year-end.
- Total assets increased \$127,094 from the prior year and total liabilities increased \$337,070 from the prior year.
- The School's operating loss for fiscal year 2016 was \$639,846 compared with an operating loss of \$483,708 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.

**Columbus Collegiate Academy
Franklin County**

Management's Discussion and Analysis
For the Year Ended June 30, 2016
(Unaudited)

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 2016 compared to those reported for fiscal year 2015.

Table 1
Net Position

	2016	2015
Assets:		
Current Assets	\$ 799,921	\$ 688,678
Capital Assets, Net	346,858	331,007
Total Assets	1,146,779	1,019,685
 Deferred Outflows of Resources	 1,025,215	 1,068,693
Liabilities		
Current Liabilities	100,547	212,998
Noncurrent Liabilities	3,187,641	2,738,120
Total Liabilities	3,288,188	2,951,118
 Deferred Inflows of Resources	 208,917	 501,725
Net Position:		
Net Investment in Capital Assets	346,858	192,411
Restricted	62,791	38,470
Unrestricted	(1,734,760)	(1,595,346)
Total Net Position	\$ (1,325,111)	\$ (1,364,465)

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.

Total Liabilities increased significantly over those reported one year ago. This increase is primarily the result of an increase in net pension liability, as reported by the pension systems, offset by mortgage loan principal reduction payments.

Net Investment in Capital Assets increased significantly in comparison with the prior fiscal year-end. This increase represents the amount in which capital acquisition and mortgage loan principal reduction payments exceeded current year depreciation.

**Columbus Collegiate Academy
Franklin County**

Management's Discussion and Analysis
For the Year Ended June 30, 2016
(Unaudited)

The net position reported for fiscal year 2016 increased by \$39,354 to negative \$1,325,111. Table 2 demonstrates the details of this increase.

Table 2
Change in Net Position

	2016	2015
Operating Revenues:		
Foundation Payments	\$ 1,470,714	\$ 1,591,949
Charges for Services	448	2,719
Other Unrestricted Grants-in-Aid	43,502	25,169
Non Operating Revenues:		
State and Federal Grants	640,446	624,099
Local Grants and Contributions	39,144	4,118
Other	2,708	-
Total Revenues	2,196,962	2,248,054
Operating Expenses:		
Salaries & Wages	829,102	829,182
Fringe Benefits	408,728	396,261
Purchased Services	712,902	725,405
Materials and Supplies	155,201	110,834
Depreciation	31,912	27,047
Other Expenses	16,665	14,816
Non-Operating Expenses		
Interest Expense	3,098	13,967
Total Expenses	2,157,608	2,117,512
Change in Net Position	39,354	130,542
Net Position, Beginning of Year	(1,364,465)	(1,495,007)
Net Position, End of Year	\$ (1,325,111)	\$ (1,364,465)

Foundation Payments decreased significantly in comparison to the prior year. This decrease is the result of a decrease in student count from the prior year.

Materials and supplies increased in comparison with the prior fiscal year. This increase was the result of an increase of expenses relating to instructional supplies in classrooms.

**Columbus Collegiate Academy
Franklin County**

Management's Discussion and Analysis
For the Year Ended June 30, 2016
(Unaudited)

Capital Assets

At the end of fiscal year 2015, the School had \$346,858 invested in capital assets, a \$15,851 increase in comparison with the prior year. This increase represents the amount in which current year acquisitions of \$47,763 exceeded current year depreciation of \$31,912. See Note 5 of the basic financial statements for additional details.

Debt

At the end of fiscal year 2016, the School had paid off all debt outstanding, a decrease of \$138,596 in comparison with the prior fiscal year-end. This decrease represents the principal payments made during the fiscal year. See Note 15 of the basic financial statements for additional details.

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 decrease in student enrollment for the 2016 fiscal year has lessened the financial health projections for the School for the current year but projections look positive for the future. 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, 2016**

Assets:

Current Assets

Cash and Cash Equivalents	\$ 761,823
Intergovernmental Receivables	34,092
Accounts Receivable	7
Prepaid Assets	3,999
Total Current Assets	<u>799,921</u>

Noncurrent Assets

Capital Assets, Net of Accumulated Depreciation	346,858
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Total Assets

1,146,779

Deferred Outflows of Resources:

Pension	<u>1,025,215</u>
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Liabilities:

Current Liabilities

Accounts Payable	26,617
Accrued Wages and Benefits	59,378
Intergovernmental Payable	14,552
Total Current Liabilities	<u>100,547</u>

Long-Term Liabilities:

Net Pension Liability	3,187,641
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Total Liabilities

3,288,188

Deferred Inflows of Resources:

Pension	<u>208,917</u>
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Net Position:

Net Investment in Capital Assets	346,858
Restricted	62,791
Unrestricted	(1,734,760)
Total Net Position	<u>\$ (1,325,111)</u>

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, 2016

Operating Revenues:	
Foundation Payments	\$ 1,470,714
Other Unrestricted Grants-in-Aid	43,502
Charges for Services	448
Total Operating Revenues	1,514,664
 Operating Expenses:	
Salaries and Wages	829,102
Fringe Benefits	408,728
Purchased Services	712,902
Materials and Supplies	155,201
Depreciation	31,912
Other	16,665
Total Operating Expenses	2,154,510
Operating Loss	(639,846)
 Non-Operating Revenues (Expenses):	
Federal Grants	436,975
State Grants	203,471
Local Grants and Contributions	39,144
Other Revenue	2,708
Interest Expense	(3,098)
Total Non-Operating Revenues (Expenses)	679,200
Change in Net Position	39,354
Net Position Beginning of Year	(1,364,465)
Net Position End of Year	\$ (1,325,111)

See accompanying notes to the basic financial statements.

**COLUMBUS COLLEGIATE ACADEMY
FRANKLIN COUNTY**

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

Cash Flows from Operating Activities:	
Cash Received from State of Ohio	\$ 1,523,545
Cash Payments to Employees for Services and Benefits	(1,009,248)
Cash Payments to Suppliers for Goods and Services	(879,552)
Cash Received from Customers	448
Net Cash Used for Operating Activities	<u>(364,807)</u>
Cash Flows from Noncapital Financing Activities:	
Federal and State Grants	635,320
Local Grants and Contributions	39,144
Cash Received for Other Revenue	1,956
Net Cash Provided by Noncapital Financing Activities	<u>676,420</u>
Cash Flows from Capital and Related Financing Activities:	
Cash Payments for Capital Acquisitions	(47,763)
Cash Payment for Loan Principal	(138,596)
Cash Payment for Loan Interest	(3,098)
Net Cash Used for Capital and Related Financing Activities	<u>(189,457)</u>
Cash Flows from Investing Activities:	
Interest on Cash and Cash Equivalents	752
Net Cash Provided by Investing Activities	<u>752</u>
Net Increase in Cash and Cash Equivalents	122,908
Cash and Cash Equivalents at Beginning of Year	638,915
Cash and Cash Equivalents at End of Year	<u>\$ 761,823</u>

See accompanying notes to the basic financial statements.

**COLUMBUS COLLEGIATE ACADEMY
FRANKLIN COUNTY**

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

Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (639,846)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	31,912
Changes in Assets and Liabilities:	
Intergovernmental Receivable	15,799
Accounts Receivable	(7)
Prepaid Assets	999
Accounts Payable	7,005
Intergovernmental Payable	25
Accrued Wages and Benefits Payable	19,115
Net Pension Liability	200,191
Net Cash Used for Operating Activities	<u>\$ (364,807)</u>

See accompanying notes to the basic financial statements.

COLUMBUS COLLEGIATE ACADEMY

Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2016

1. Description of the School and Reporting Entity

Columbus Collegiate Academy (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 7 non-certified and 20 certificated full time teaching personnel who provide services to 214 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.

COLUMBUS COLLEGIATE ACADEMY

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016
(Continued)

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.

COLUMBUS COLLEGIATE ACADEMY

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016
(Continued)

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:

<u>Description</u>	<u>Estimate Life</u>
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.

COLUMBUS COLLEGIATE ACADEMY

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016
(Continued)

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 2016 contract.

Accounts payable – payments due for services or goods that were rendered or received during fiscal year 2016.

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.

COLUMBUS COLLEGIATE ACADEMY

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016
(Continued)

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, 2016, the carrying amount of the School's deposits was \$761,823 and the bank balance was \$776,159. 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.

COLUMBUS COLLEGIATE ACADEMY

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016
(Continued)

5. Capital Assets

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

Capital Assets:	Beginning Balance	Additions	Deletions	Ending Balance
Buildings and Improvements	\$ 316,350	\$ -	\$ -	\$ 316,350
Leasehold Improvements	11,200	18,895	-	30,095
Furniture and Equipment	263,604	28,868	-	292,472
Total Capital Assets	591,154	47,763	-	638,917
Less Accumulated Depreciation:				
Buildings and Improvements	12,654	12,654	-	25,308
Leasehold Improvements	896	4,227	-	5,123
Furniture and Equipment	246,597	15,031	-	261,628
Total Accumulated Depreciation	260,147	31,912	-	292,059
Net Capital Assets	\$ 331,007	\$ 15,851	\$ -	\$ 346,858

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, 2016, the School contracted with Argonaut Insurance Company for its insurance coverage as follows:

Commercial Property - Building	\$4,508,825
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

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.

COLUMBUS COLLEGIATE ACADEMY

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016
(Continued)

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.

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.

COLUMBUS COLLEGIATE ACADEMY
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016
(Continued)

7. Defined Benefit Pension Plans (Continued)

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire 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, 2016, the allocation to pension, death benefits, and Medicare B was 14 percent. There was no percentage allocated to the Health Care Fund in fiscal year 2016.

The School’s contractually required pension contribution to SERS was \$32,871 for fiscal year 2016. Of this amount, \$5,068 is reported as an intergovernmental payable.

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.

COLUMBUS COLLEGIATE ACADEMY

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016
(Continued)

7. Defined Benefit Pension Plans (Continued)

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

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016.

COLUMBUS COLLEGIATE ACADEMY

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016
(Continued)

7. Defined Benefit Pension Plans (Continued)

For the fiscal year ended June 30, 2016, plan members were required to contribute 13 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 \$151,664 for fiscal year 2016. Of this amount, \$5,898 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2015, 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$298,931	\$2,888,710	\$3,187,641
Proportion of the Net Pension Liability	0.0052388%	0.01045230%	
Pension Expense	\$22,544	\$178,240	\$200,784

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$4,482	\$131,564	\$136,046
Differences due to change in proportionate share percentage between measurement dates	105,123	599,511	704,634
School contributions subsequent to the measurement date	32,871	151,664	184,535
Total Deferred Outflows of Resources	<u>\$142,476</u>	<u>\$882,739</u>	<u>\$1,025,215</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$3,572	\$205,345	\$208,917
Total Deferred Inflows of Resources	<u>\$3,572</u>	<u>\$205,345</u>	<u>\$208,917</u>

COLUMBUS COLLEGIATE ACADEMY

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016
(Continued)

7. Defined Benefit Pension Plans (Continued)

\$184,535 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, 2017.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2017	\$32,897	\$152,558	\$185,455
2018	32,897	152,558	185,455
2019	34,515	152,560	187,075
2020	<u>5,724</u>	<u>68,054</u>	<u>73,778</u>
Total	<u>\$106,033</u>	<u>\$525,730</u>	<u>\$631,763</u>

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.

COLUMBUS COLLEGIATE ACADEMY

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016
(Continued)

7. Defined Benefit Pension Plans (Continued)

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2015, are presented below:

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

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

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

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

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

COLUMBUS COLLEGIATE ACADEMY

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016
(Continued)

7. Defined Benefit Pension Plans (Continued)

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School's proportionate share of the net pension liability	\$414,510	\$298,931	\$201,604

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

Actuarial assumptions used in the June 30, 2015, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

COLUMBUS COLLEGIATE ACADEMY

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016
(Continued)

7. Defined Benefit Pension Plans (Continued)

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

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

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2015. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2015. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2015.

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:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
School's proportionate share of the net pension liability	\$4,012,636	\$2,888,710	\$1,938,263

COLUMBUS COLLEGIATE ACADEMY

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016
(Continued)

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.

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, 2016, 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 2016, the minimum compensation level was established at \$23,000. 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, 2016, 2015, and 2014 were \$2,597, \$2,167, and \$776, respectively. The entire amount has been contributed for fiscal years 2014 and 2015. For fiscal year 2016, 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.

COLUMBUS COLLEGIATE ACADEMY

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016
(Continued)

8. Post-employment Benefits (Continued)

B. State Teachers Retirement System of Ohio

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

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

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

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

Funding Policy – Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Effective July 1, 2014, 0% of covered payroll was allocated to post-employment health care. The 14% employer contribution rate is the maximum rate established under Ohio law.

The School's required contributions for health care for fiscal years ended June 30, 2016, 2015, and 2014 were \$0, \$0, and \$10,768, respectively. The entire amount has been contributed for fiscal years 2014, 2015, and 2016.

9. Restricted Net Position

At June 30, 2016, the School reported restricted net position totaling \$62,791. The nature of the net position restrictions are as follows:

Food Service program	\$ 62,202
Federal specific educational program grants	<u>589</u>
Total	<u>\$ 62,791</u>

COLUMBUS COLLEGIATE ACADEMY

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016
(Continued)

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 of the General Fund or other applicable funds. The effect of any such disallowed claims on the overall financial position of the School at June 30, 2016, 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. Full-Time Equivalency Reviews

School Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, schools must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the School, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the fiscal year 2015 and fiscal year 2016 Foundation funding for the School; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the 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 2016 was \$48,435.

COLUMBUS COLLEGIATE ACADEMY

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016
(Continued)

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	\$	431,979
Contracted Food Services		139,783
Property Services		63,006
Printing		23,704
Utilities		50,104
Transportation		4,326
Total	\$	<u>712,902</u>

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 2016 totaled \$35,119. The sponsor provides oversight, monitoring, treasury and technical assistance for the School.

15. Loan Payable

The changes in the School's long-term obligation during the fiscal year are as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Loan Payable	\$ 138,596	\$ -	\$ (138,596)	\$ -	\$ -

On August 21, 2014, the School purchased the building located at 1469 E. Main Street from Columbus City Schools for \$300,000. The School financed the purchase of the building through Nationwide Bank. The loan bears an interest rate of 6.25% and matures on September 3, 2029. The first monthly payment was due October 3, 2014 and subsequent payments are due on the same day of each month after that. While the loan does not mature until 2029, the School paid the loan in full during fiscal year 2016.

COLUMBUS COLLEGIATE ACADEMY

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016
(Continued)

16. Change in Accounting Principles

For fiscal year 2016, the School implemented Governmental Accounting Standards Board (GASB) GASB Statement No. 72 "*Fair Value Measurement and Application*" which enhances comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and acceptor valuation techniques. This statement also enhances fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. The implementation of this statement did not have an effect on the financial statements of the School.

For fiscal year 2016, the School implemented GASB Statement No. 76 "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*" which improves financial reporting by (1) raising the category of GASB Implementation Guides in the GAAP hierarchy, thus providing for broader public input on implementation guidance; (2) emphasizing the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative GAAP; and (3) requiring the consideration of consistency with the GASB Concepts Statements when evaluating accounting treatments specified in non-authoritative literature. 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 3 FISCAL YEARS (1)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
School's Proportion of the Net Pension Liability	0.0052388%	0.0042110%	0.0042110%
School's Proportionate Share of the Net Pension Liability	\$ 298,931	\$ 213,116	\$ 250,415
School's Covered-Employee Payroll	\$ 157,251	\$ 122,370	\$ 69,656
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	190.10%	174.16%	359.50%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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 3 FISCAL YEARS (1)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
School's Proportion of the Net Pension Liability	0.01045230%	0.01038094%	0.01038094%
School's Proportionate Share of the Net Pension Liability	\$ 2,888,710	\$ 2,525,004	\$ 3,007,768
School's Covered-Employee Payroll	\$ 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	263.62%	238.06%	389.82%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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 EIGHT FISCAL YEARS (1)

	2016	2015	2014	2013	2012	2011	2010	2009
Contractually Required Contribution	\$ 32,871	\$ 20,726	\$ 16,961	\$ 9,640	\$ 14,048	\$ 9,142	\$ 6,474	\$ 4,949
Contributions in relation to the contractually required contribution	\$ 32,871	\$ 20,726	\$ 16,961	\$ 9,640	\$ 14,048	\$ 9,142	\$ 6,474	\$ 4,949
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 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%	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 EIGHT FISCAL YEARS (1)

	2016	2015	2014	2013	2012	2011	2010	2009
Contractually Required Contribution	\$ 151,664	\$ 153,411	\$ 137,884	\$ 100,304	\$ 80,969	\$ 55,862	\$ 57,552	\$ 36,768
Contributions in relation to the contractually required contribution	\$ 151,664	\$ 153,411	\$ 137,884	\$ 100,304	\$ 80,969	\$ 55,862	\$ 57,552	\$ 36,768
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 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%	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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Charles E. Harris & Associates, Inc.
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY 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 auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Columbus Collegiate Academy, Franklin County, (the School) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated December 20, 2016.

Internal Control Over Financial Reporting

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

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


Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

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

Purpose of this Report

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



Charles E. Harris & Associates, Inc.
December 20, 2016

**COLUMBUS COLLEGIATE ACADEMY
FRANKLIN COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2016**

The prior audit report, for the year ending June 30, 2015, reported no material citations or recommendations.



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
MARCH 28, 2017**