

**INTERACTIVE MEDIA AND
CONSTRUCTION, INC.
RICHLAND COUNTY, OHIO**

AUDIT REPORT

**FOR THE FISCAL YEAR
ENDED JUNE 30, 2017**

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



Dave Yost • Auditor of State

Members of the Board
Interactive Media and Construction Inc.
45 Bowman Street
Mansfield, Ohio 44903

We have reviewed the *Independent Auditor's Report* of the Interactive Media and Construction Inc., Richland County, prepared by James G. Zupka, CPA, 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 Interactive Media and Construction Inc. is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

February 8, 2018

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INTERACTIVE MEDIA AND CONSTRUCTION, INC.
RICHLAND COUNTY, OHIO
AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

*Certified Public Accountants
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Garfield Hts., Ohio 44125*

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Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board
Interactive Media and Construction, Inc.
Mansfield, Ohio

The Honorable Dave Yost
Auditor of State
State of Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the Interactive Media and Construction, Inc., Richland County, Ohio, (the School) as of and for the year ended June 30, 2017, 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 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 School'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 School'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 Interactive Media and Construction, Inc. 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.

Emphasis of Matter

As discussed in Note 10 to the financial statements, the School is requesting forgiveness of intergovernmental payable through legal process. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedules of Net Pension Liabilities and Pension Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2017, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James G. Zupka, CPA, Inc." The signature is written in a cursive style.

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

December 19, 2017

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**INTERACTIVE MEDIA AND CONSTRUCTION, INC.
RICHLAND COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

The management's discussion and analysis of the Interactive Media and Construction, Inc. ("IMAC") financial performance provides an overall review of IMAC's financial activities for the fiscal year 2017. The intent of this discussion and analysis is to look at IMAC's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of IMAC's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2017 are as follows:

- In total, net position was a deficit of \$367,829 at June 30, 2017.
- IMAC had operating revenues of \$640,008, operating expenses of \$1,134,977 and non-operating revenues of \$64,719 for fiscal year 2017. Total change in net position for the fiscal year was a decrease of \$430,250. This significant decrease was the result of reporting the net pension liability required by GASB 68.

Using these Basic Financial Statements

This annual report consists of a series of financial statements and notes to these statements. These statements are organized so the reader can understand IMAC's financial activities. The *statement of net position* and *statement of revenues, expenses and changes in net position* provide information about the activities of IMAC, including all short-term and long-term financial resources and obligations.

Reporting IMAC's Financial Activities

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

These documents look at all financial transactions and ask the question, "How did we do financially during fiscal year 2017?" The statement of net position and the statement of revenues, expenses and changes in net position answer this question. These statements include *all assets plus deferred outflows, liabilities plus deferred inflows, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report IMAC's *net position* and changes in net position. This change in net position is important because it tells the reader that, for IMAC as a whole, the *financial position* of IMAC has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. These statements can be found on pages 10 and 11 of this report.

The statement of cash flows provides information about how IMAC finances and meets the cash flow needs of its operations. The statement of cash flows can be found on page 12 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. These notes to the basic financial statements can be found on pages 13-30 of this report.

**INTERACTIVE MEDIA AND CONSTRUCTION, INC.
RICHLAND COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning IMAC's net pension liability. The required supplementary information can be found on pages 31-35 of this report.

The table below provides a summary of IMAC's net position at June 30, 2017 and June 30, 2016.

	Net Position	
	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
Current assets	\$ 195,845	\$ 363,747
Non-current assets	<u>21,438</u>	<u>5,193</u>
Total assets	<u>217,283</u>	<u>368,940</u>
<u>Deferred Outflows of Resources</u>		
Pension	<u>1,001,431</u>	<u>903,257</u>
<u>Liabilities</u>		
Current liabilities	177,911	182,167
Net pension liability	<u>1,298,477</u>	<u>959,509</u>
Total liabilities	<u>1,476,388</u>	<u>1,141,676</u>
<u>Deferred Inflows of Resources</u>		
Pension	<u>110,155</u>	<u>68,100</u>
<u>Net Position</u>		
Investment in capital assets	21,438	5,193
Unrestricted (deficit)	<u>(389,267)</u>	<u>57,228</u>
Total net position (deficit)	<u>\$ (367,829)</u>	<u>\$ 62,421</u>

IMAC adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of IMAC's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

**INTERACTIVE MEDIA AND CONSTRUCTION, INC.
RICHLAND COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

Under the standards required by GASB 68, the net pension liability equals IMAC's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, IMAC is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, IMAC's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, IMAC is reporting a deficit net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2017, IMAC's net position is a deficit of \$367,829. The decrease in net position, and the increase in both deferred inflows of resources and deferred outflows of resources was primarily a result of the pension adjustments required by GASB Statement No. 68.

The unrestricted net position is a deficit \$389,267. At year-end, capital assets represented 9.87% of total assets. Capital assets consisted of equipment. There is no debt related to these capital assets. Capital asset are used to provide services to the students and are not available for future spending.

**INTERACTIVE MEDIA AND CONSTRUCTION, INC.
RICHLAND COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

The table below shows the changes in net position for fiscal years 2017 and 2016.

	Change in Net Position	
	<u>2017</u>	<u>2016</u>
<u>Operating Revenues:</u>		
Foundation revenue	\$ 319,934	\$ 238,174
Charges for services	317,554	368,808
Other	<u>2,520</u>	<u>70</u>
Total operating revenues	<u>640,008</u>	<u>607,052</u>
<u>Operating Expenses:</u>		
Salaries and wages	413,949	449,986
Fringe benefits	480,724	362,226
Purchased services	194,125	120,000
Materials and supplies	26,788	17,173
Depreciation	4,172	3,746
Other	<u>15,219</u>	<u>22,076</u>
Total operating expenses	<u>1,134,977</u>	<u>975,207</u>
<u>Non-operating Revenues:</u>		
Federal and State grants	64,502	74,165
Interest revenue	<u>217</u>	<u>316</u>
Total non-operating revenues	<u>64,719</u>	<u>74,481</u>
Change in net position	(430,250)	(293,674)
Net position at beginning of year	<u>62,421</u>	<u>356,095</u>
Net position (deficit) at end of year	<u>\$ (367,829)</u>	<u>\$ 62,421</u>

Capital Assets

At June 30, 2017, IMAC had \$21,438 invested in equipment. Overall, capital asset increased \$16,245 as a result of IMAC having capital asset additions of \$20,417 and having a depreciation expense of \$4,172 for fiscal year 2017. See Note 5 to the basic financial statements for additional detail on capital assets.

Current Financial Related Activities

IMAC is reliant upon State Foundation monies and State Grants to offer quality educational services to students.

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

**INTERACTIVE MEDIA AND CONSTRUCTION, INC.
RICHLAND COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

Contacting IMAC's Financial Management

This financial report is designed to provide our citizens, investors, and creditors with a general overview of the IMAC's finances and to show IMAC's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Jeffrey Zaye, CPA, Treasurer at 250 W. Wilson Bridge Rd. Suite 300, Worthington, Ohio 43085 or email jzaye@whalencpa.com.

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BASIC
FINANCIAL STATEMENTS

**INTERACTIVE MEDIA AND CONSTRUCTION, INC.
RICHLAND COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2017

Assets:	
Current assets:	
Cash and cash equivalents	\$ 148,849
Receivables:	
Intergovernmental.	26,576
Prepayments	<u>20,420</u>
Total current assets	<u>195,845</u>
Non-current assets:	
Depreciable capital assets, net	<u>21,438</u>
Total non-current assets.	<u>21,438</u>
Total assets	<u>217,283</u>
 Deferred outflows of resources:	
Pension- STRS	744,399
Pension- SERS	<u>257,032</u>
Total deferred outflows of resources.	<u>1,001,431</u>
 Liabilities:	
Current liabilities:	
Accounts payable.	433
Accrued wages and benefits.	26,130
Pension and postemployment benefits payable	4,743
Intergovernmental payable	<u>146,605</u>
Total current liabilities.	<u>177,911</u>
Non-current liabilities:	
Net pension liability	<u>1,298,477</u>
Total non-current liabilities.	<u>1,298,477</u>
Total liabilities	<u>1,476,388</u>
 Deferred inflows of resources:	
Pension- STRS	<u>110,155</u>
Total deferred inflows of resources	<u>110,155</u>
 Net position:	
Investment in capital assets	21,438
Unrestricted (deficit).	<u>(389,267)</u>
Total net position (deficit)	<u>\$ (367,829)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**INTERACTIVE MEDIA AND CONSTRUCTION, INC.
RICHLAND COUNTY, OHIO**

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

Operating revenues:	
Foundation revenue	\$ 319,934
Charges for services.	317,554
Other	2,520
Total operating revenues	<u>640,008</u>
Operating expenses:	
Salaries and wages.	413,949
Fringe benefits.	480,724
Purchased services.	194,125
Materials and supplies	26,788
Other.	15,219
Depreciation	4,172
Total operating expenses.	<u>1,134,977</u>
Operating loss	<u>(494,969)</u>
Non-operating revenues:	
Federal and State grants	64,502
Interest revenue	217
Total non-operating revenues	<u>64,719</u>
Change in net position	(430,250)
Net position at beginning of year.	<u>62,421</u>
Net position (deficit) at end of year.	<u>\$ (367,829)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

INTERACTIVE MEDIA AND CONSTRUCTION, INC.
RICHLAND COUNTY, OHIO

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

Cash flows from operating activities:	
Cash received from state foundation	\$ 325,187
Cash received from charges for services.	317,554
Cash received from other operations	2,590
Cash payments for salaries and wages.	(413,575)
Cash payments for fringe benefits	(202,199)
Cash payments for contractual services	(198,663)
Cash payments for materials and supplies	(26,788)
Cash payments for other expenses	(12,342)
	(208,236)
Cash flows from noncapital financing activities:	
Federal and State grants.	82,515
	82,515
Net cash provided by noncapital financing activities.	
	82,515
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(20,417)
	(20,417)
Net cash used in capital and related financing activities.	
	(20,417)
Cash flows from investing activities:	
Interest received	217
	217
Net cash provided by investing activities	
	217
Net decrease in cash and cash equivalents	(145,921)
Cash and cash equivalents at beginning of year	294,770
Cash and cash equivalents at end of year	\$ 148,849
	148,849
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (494,969)
Adjustments:	
Depreciation	4,172
Changes in assets, deferred outflows and inflows of resources and liabilities:	
(Increase) in deferred outflows - pension.	(98,174)
Decrease in accounts receivable.	70
(Increase) in intergovernmental receivable.	(14,499)
Decrease in prepayments.	18,397
Increase in deferred inflows - pension.	42,055
(Decrease) in accounts payable.	(3,813)
Increase in accrued wages and benefits.	369
(Decrease) in intergovernmental payable.	(1,004)
Increase in pension and postemployment benefits payable.	192
Increase in net pension liability.	338,968
	338,968
Net cash used in operating activities	\$ (208,236)
	(208,236)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**INTERACTIVE MEDIA AND CONSTRUCTION, INC.
RICHLAND COUNTY, OHIO**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 - DESCRIPTION OF THE IMAC

The Interactive Media and Construction, Inc. ("IMAC") is a non-profit corporation established pursuant to the Ohio Revised Code Chapters 1702 and 3314 to address the needs of students who have met some graduation requirements, but have failed to successfully complete all requirements necessary for the attainment of the high school diploma or graduation equivalence diploma. IMAC is nonsectarian in its programs, admission policies, employment practices and all other operations. IMAC may sue and be sued, acquire facilities as needed and contract for any services necessary for the operation of IMAC.

IMAC provides educational opportunities for students to obtain their high school diploma through college preparatory curriculum. IMAC serves the population by providing a challenging curriculum, community/parental support, motivation through career skills and pay for work. Enrollment is open to students within the attendance area of the Mansfield City School District and all bordering school districts. IMAC gives first choice to educationally disadvantaged, special education and economically at risk youth.

IMAC entered into a new sponsorship agreement for the period June 15, 2014 through June 30, 2017 with the Ohio Department of Education.

IMAC has a fiscal services agreement with Charter School Specialists, LLC through June 30, 2017.

The Sponsor shall evaluate the performance of IMAC according to the standards set forth in the Assessment and Accountability Plan. The Sponsor is not legally responsible for the final outcome of the community school. Upon dissolution of IMAC, any assets remaining shall be conveyed to the Sponsor.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

IMAC's basic financial statements consist of a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows.

Enterprise reporting focuses on the determination of the change in net position, financial position and cash flows.

B. Measurement Focus

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets plus deferred outflows of resources and all liabilities plus deferred inflows of resources are included on the statement of net position. The statements of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how IMAC's finances and meets the cash flow needs of its enterprise activities.

INTERACTIVE MEDIA AND CONSTRUCTION, INC.
RICHLAND COUNTY, OHIO

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the basic financial statements. IMAC's basic financial statements are prepared using the accrual basis of accounting.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded upon the accrual basis when the exchange takes place.

Nonexchange transactions, in which IMAC receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which IMAC must provide local resources to be used for a specified purpose and expenditure requirements, in which the resources are provided to IMAC on a reimbursement basis.

Expenses are recognized at the time they are incurred.

D. Budgetary Process

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Section 5705, unless specifically provided in their contract with their Sponsor. The contract between IMAC and its Sponsor requires a detailed school budget for each year of the contract; however, the budget does not have to follow the provisions of Ohio Revised Code Section 5705.

E. Cash

Cash held by IMAC is reflected as "cash and cash equivalents" on the statement of net position. Investments with an original maturity of three months or less at the time they are purchased are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months are reported as investments. During fiscal year 2017, investments were limited to a repurchase agreement. Investments were reported at fair value which is based on quoted market prices.

F. Capital Assets

All capital assets are capitalized at cost and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their acquisition value on the date donated. IMAC maintains a capitalization threshold of \$1,500. IMAC does not have any infrastructure. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All capital assets are depreciated. Depreciation is computed using the straight-line method. Equipment is depreciated over five to ten years.

INTERACTIVE MEDIA AND CONSTRUCTION, INC.
RICHLAND COUNTY, OHIO

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

G. Prepayments

Certain payments to vendors reflected the costs applicable to future accounting periods and were recorded as prepaid items in the financial statements. These items were reported as assets on the statement of net position using the consumption method. A current asset for the prepaid amounts was recorded at the time of the purchase and the expense is reported in the year in which services are consumed.

H. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by IMAC or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

I. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity. For IMAC, these revenues are payments from the State Foundation Program. Operating expenses are necessary costs incurred to provide goods or services that are the primary activities of IMAC. All revenues and expenses not meeting this definition are reported as non-operating.

J. Intergovernmental Revenue

IMAC currently participates in the State Foundation Program through the Ohio Department of Education, the Federal IDEA Part B grant, the Federal Title I-Targeted Assistance grant, the Improving Teacher Quality grant and the Title II-D Technology grant. Revenues from the State Foundation Program are recognized as operating revenue in the accounting period in which all eligibility requirements had been met. Revenues received from the remaining programs are recognized as non-operating revenues in the accompanying financial statements. Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. Eligibility includes timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which IMAC must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to IMAC on a reimbursement basis. Federal and State grant revenue for the fiscal year 2017 was \$64,502.

**INTERACTIVE MEDIA AND CONSTRUCTION, INC.
RICHLAND COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

K. 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.

L. Estimates

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

M. Fair Market Value

IMAC categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES

Change in Accounting Principles

For fiscal year 2017, IMAC has implemented GASB Statement No. 74, "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*", GASB Statement No. 77, "*Tax Abatement Disclosures*", GASB Statement No. 78, "*Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*", GASB Statement No. 80, "*Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*" and GASB Statement No. 82, "*Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*".

GASB Statement No. 74 improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The implementation of GASB Statement No. 74 did not have an effect on the financial statements of IMAC.

GASB Statement No. 77 requires governments that enter into tax abatement agreements to disclose certain information about the agreement. GASB Statement No. 77 also requires disclosures related to tax abatement agreements that have been entered into by other governments that reduce the reporting government's tax revenues. These disclosures were incorporated in IMAC's fiscal year 2017 financial statements; however, there was no effect on beginning net position/fund balance. The implementation of GASB Statement No. 77 had no effect on the financial statements of IMAC.

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NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES - (Continued)

GASB Statement No. 78 establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan) that meets the criteria in paragraph 4 of Statement 68 and that (a) is not a state or local governmental pension plan, (b) 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 (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The implementation of GASB Statement No. 78 did not have an effect on the financial statements of IMAC.

GASB Statement No. 80 improves the financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement applies to component units that are organized as not-for-profit corporations in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of IMAC.

GASB Statement No. 82 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 employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 did not have an effect on the financial statements of IMAC.

NOTE 4 - DEPOSITS AND INVESTMENTS

A. Cash on Hand

IMAC had \$500 in undeposited cash on hand which is included on the financial statements of IMAC as part of “cash and cash equivalents”.

B. Deposits with Financial Institutions

At June 30, 2017, the carrying amount of the IMAC’s deposits was \$(82,916), exclusive of the \$231,265 in repurchase agreements included in “investments” below. A liability was not recorded for the negative carrying amount of deposits because there was no actual overdraft, due to the “zero-balance” nature of IMAC’s bank accounts. The negative carrying amount of deposits is due to a timing difference in deposits.

C. Investments

As of June 30, 2017, IMAC had the following investments and maturities:

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>Investment Maturities</u> 6 months or <u>less</u>
Fair Value:		
Repurchase agreement	<u>\$ 231,265</u>	<u>\$ 231,265</u>

**INTERACTIVE MEDIA AND CONSTRUCTION, INC.
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NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

IMAC's investments in repurchase agreements are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, IMAC's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The federal agency securities underlying the repurchase agreement were rated AA+ by Standard and Poor's and Aaa by Moody's. IMAC has no investment policy dealing with credit risk beyond the requirements of State statute.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, IMAC will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of IMAC's \$231,265 investment in repurchase agreements, the entire balance is collateralized by underlying securities that are held by the investment's counterparty, not in the name of IMAC. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of securities subject to a repurchase agreement by 2%. IMAC has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk: IMAC places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by IMAC at June 30, 2017:

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>% of Total</u>
Repurchase agreement	\$ 231,265	100.00

D. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2017:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ (82,916)
Investments	231,265
Cash on hand	<u>500</u>
Total	<u>\$ 148,849</u>
 <u>Cash and investments per statement of net position</u>	
Business-type activities	<u>\$ 148,849</u>

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NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 5 - CAPITAL ASSETS

Capital asset activity as of June 30, 2017, was as follows:

	Balance <u>06/30/16</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>06/30/17</u>
Capital assets, being depreciated:				
Equipment	\$ 168,582	\$ 20,417	\$ -	\$ 188,999
Less: accumulated depreciation	<u>(163,389)</u>	<u>(4,172)</u>	<u>-</u>	<u>(167,561)</u>
Capital assets	<u>\$ 5,193</u>	<u>\$ 16,245</u>	<u>\$ -</u>	<u>\$ 21,438</u>

NOTE 6 - RECEIVABLES

IMAC had the following intergovernmental receivables at June 30, 2017:

SERS	\$ 12,358
STRS	8,273
Ohio Bureau of Worker's Compensation	1,936
Miscellaneous federal grants	<u>4,009</u>
Total	<u>\$ 26,576</u>

The intergovernmental receivables are expected to be collected in the subsequent year.

NOTE 7 - LONG-TERM OBLIGATIONS

Changes in IMAC's long-term obligations during fiscal year 2017 were as follows.

	Balance <u>06/30/16</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>06/30/17</u>	Due Within <u>One Year</u>
Net pension liability	<u>\$ 959,509</u>	<u>\$ 338,968</u>	<u>\$ -</u>	<u>\$ 1,298,477</u>	<u>\$ -</u>

Net Pension Liability: See Note 11D for details.

NOTE 8 - PURCHASED SERVICES

For the period ended June 30, 2017, purchased services expenses were as follows:

Professional and technical services	\$ 78,561
Property rental	68,533
Travel and meetings	6,590
Communications	4,271
Pupil transportation	20,128
Other	<u>16,042</u>
Total	<u>\$ 194,125</u>

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NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 9 - RISK MANAGEMENT

IMAC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to contracted personnel; and natural disasters. For fiscal year 2017, IMAC maintained comprehensive insurance coverage with a private carrier for property and general liability insurance. IMAC provides \$50,000 in bond coverage for The Cincinnati Insurance Company.

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

NOTE 10 - CONTINGENCIES

A. Grants

IMAC 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 are 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. However, the effect of any such disallowed claims on the overall financial position of IMAC at June 30, 2017, if applicable, cannot be determined at this time.

B. Litigation

IMAC is not involved in any litigation that, in the opinion of management, would have a material effect on the financial statements, except for intergovernmental payable in the amount of \$145,588, this is owed to the Mansfield City School District for providing instructional services in prior years. As of the date of this report, IMAC is requesting forgiveness of this amount through legal process.

C. State Foundation Funding

School 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 IMAC for fiscal year 2017.

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, IMAC.

**INTERACTIVE MEDIA AND CONSTRUCTION, INC.
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NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 11 - DEFINED BENEFIT PENSION PLANS

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

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

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

B. Plan Description – School Employees Retirement System (SERS)

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

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NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full Benefits	Any age with 30 years of service credit Age 65 with 5 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 3 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 IMAC 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 entire 14 percent was allocated to pension, death benefits, and Medicare B and no portion of the employer contribution rate was allocated to the Health Care Fund.

IMAC’s contractually required contribution to SERS was \$14,685 for fiscal year 2017.

C. Plan Description – State Teachers Retirement System (STRS)

Plan Description –IMAC 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.

INTERACTIVE MEDIA AND CONSTRUCTION, INC.
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NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 11 - 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 2 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, 11.5 percent of the 13.0 percent member rates goes to the DC plan and 1.5 percent goes to the DB plan. Member contributions to the DC Plan 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 after termination of employment at age 50 or later.

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

IMAC's contractually required contribution to STRS was \$44,247 for fiscal year 2017. Of this amount, \$3,658 is reported as pension and postemployment benefits payable.

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NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

D. 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. IMAC's proportion of the net pension liability was based on IMAC'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>
Proportion of the net pension liability prior measurement date	0.00040930%	0.00338732%	
Proportion of the net pension liability current measurement date	<u>0.00455650%</u>	<u>0.00288287%</u>	
Change in proportionate share	<u>0.00414720%</u>	<u>-0.00050445%</u>	
Proportionate share of the net pension liability	\$ 333,494	\$ 964,983	\$ 1,298,477
Pension expense	\$ 105,016	\$ 236,765	\$ 341,781

At June 30, 2017, IMAC 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	\$ 4,497	\$ 38,988	\$ 43,485
Net difference between projected and actual earnings on pension plan investments	27,508	80,119	107,627
Changes of assumptions	22,262	-	22,262
Difference between IMAC contributions and proportionate share of contributions/change in proportionate share	188,080	581,045	769,125
IMAC contributions subsequent to the measurement date	<u>14,685</u>	<u>44,247</u>	<u>58,932</u>
Total deferred outflows of resources	<u>\$ 257,032</u>	<u>\$ 744,399</u>	<u>\$ 1,001,431</u>
Deferred inflows of resources			
Difference between IMAC contributions and proportionate share of contributions/change in proportionate share	<u>\$ -</u>	<u>\$ 110,155</u>	<u>\$ 110,155</u>
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ 110,155</u>	<u>\$ 110,155</u>

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NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

\$58,932 reported as deferred outflows of resources related to pension resulting from IMAC 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:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2018	\$ 83,984	\$ 185,003	\$ 268,987
2019	83,963	185,002	268,965
2020	66,495	215,742	282,237
2021	7,905	4,250	12,155
Total	<u>\$ 242,347</u>	<u>\$ 589,997</u>	<u>\$ 832,344</u>

E. 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	3.00 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 (level percent of payroll)

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NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, with 120% of male rates and 110% of female rates used. The RP-2000 Disabled Mortality Table with 90% for male rates and 100% for female rates set back five years is used for the period after disability retirement. Special mortality tables are used for the period after disability retirement.

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.

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 %	0.50 %
US Equity	22.50	4.75
International Equity	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	<u>10.00</u>	3.00
Total	<u>100.00 %</u>	

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 IMAC'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.

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NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
IMAC's proportionate share of the net pension liability	\$ 441,425	\$ 333,494	\$ 243,067

F. 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 %	7.61 %

* 10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.5 percent and does not include investment expenses. The total fund long-term expected return reflects diversification among the asset classes and therefore is not a weighted average return of the individual asset classes.

**INTERACTIVE MEDIA AND CONSTRUCTION, INC.
RICHLAND COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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. 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 IMAC's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
The following table presents IMAC's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what IMAC'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%)
IMAC's proportionate share of the net pension liability	\$ 1,282,385	\$ 964,983	\$ 697,237

Changes Between Measurement Date and Report Date - In March 2017, the STRS Board adopted certain assumption changes which impacted their annual actuarial valuation prepared as of June 30, 2017. The most significant changes are a reduction in the expected investment return to 7.45 percent from 7.75 percent and a change to updated generational mortality tables. 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 impact to IMAC's net pension liability is expected to be significant.

NOTE 12 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

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

Health Care Plan Description – Sections 3309.375 and 3309.69 of the Ohio Revised Code permits 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 HMO's, PPO's, Medicare Advance 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 benefits manager to manage the self-insurance and prescription drug plans, respectively.

**INTERACTIVE MEDIA AND CONSTRUCTION, INC.
RICHLAND COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 12 - POSTEMPLOYMENT BENEFITS - (Continued)

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 may allocate the remainder of the employer 14 percent contribution to the Health Care Fund in accordance with the funding policy. For the year ended June 30, 2017, the health care allocation is 0 percent. 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 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2017, the minimum compensation level was established at \$23,500. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund.

IMAC's contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were \$1,085, \$0, and \$0, respectively. The fiscal year 2017 amount has been reported as pension and postemployment benefits 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.

B. State Teachers Retirement System

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

Ohio Law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefits or Combined Plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2019.

Pursuant to Chapter 3307 of the Ohio 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 888-227-7877.

Funding Policy - Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent employer contribution rate, 0 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2017, 2016 and 2015. The 14 percent employer contribution rate is the maximum rate established under Ohio law. IMAC did not make any contributions for health care for the fiscal years ended June 30, 2017, 2016 and 2015.

**INTERACTIVE MEDIA AND CONSTRUCTION, INC.
RICHLAND COUNTY, OHIO**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 13 - FISCAL SERVICES CONTRACT

IMAC entered into a service contract with Charter School Specialists, LLC (CSS), for the period July 1, 2016 through June 30, 2017, to provide fiscal consulting services. IMAC paid CSS \$30,000 in service fees for fiscal year 2017.

NOTE 14 - OPERATING LEASE - LESSEE DISCLOSURE

IMAC entered into a one year operating lease commencing September 1, 2016 and ending August 31, 2017 with the City of Mansfield for the use of classrooms and offices. IMAC paid \$66,421 in lease payments during fiscal year 2017.

NOTE 15 - SERVICE AGREEMENT

The Mansfield Elective Academy entered into a service agreement with IMAC. IMAC provides educational services including teachers and administrators to the academies. The services are provided on a purchased service or reimbursement basis. IMAC billed \$296,133 for fiscal year 2017 services. Also, IMAC entered into an agreement to provide administrative services to Mansfield Enhancement Academy related to the closure of this Academy. IMAC billed \$21,421 for fiscal year 2017 services.

NOTE 16 - SPONSOR

Since July 15, 2017, IMAC has contracted with the Ohio Department of Education (“ODE”) to provide sponsorship services. IMAC pays ODE 3 percent of monthly State Foundation payments. Payments under this contract for fiscal year 2017 totaled \$9,363. The Sponsor provides oversight, monitoring, treasury and technical assistance for IMAC.

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REQUIRED SUPPLEMENTARY INFORMATION

**INTERACTIVE MEDIA AND CONSTRUCTION, INC.
RICHLAND COUNTY, OHIO**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE IMAC'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TWO FISCAL YEARS

	<u>2017</u>	<u>2016</u>
IMAC's proportion of the net pension liability	0.00455650%	0.00040930%
IMAC's proportionate share of the net pension liability	\$ 333,494	\$ 23,354
IMAC's covered-employee payroll	\$ 139,336	\$ 12,322
IMAC's proportionate share of the net pension liability as a percentage of its covered-employee payroll	239.35%	189.53%
Plan fiduciary net position as a percentage of the total pension liability	62.98%	69.16%

Note: Information prior to 2016 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of IMAC's measurement date which is the prior year-end.

**INTERACTIVE MEDIA AND CONSTRUCTION, INC.
RICHLAND COUNTY, OHIO**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE IMAC'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TWO FISCAL YEARS

	<u>2017</u>	<u>2016</u>
IMAC's proportion of the net pension liability	0.00288287%	0.00338732%
IMAC's proportionate share of the net pension liability	\$ 964,983	\$ 936,155
IMAC's covered-employee payroll	\$ 341,843	\$ 353,407
IMAC's proportionate share of the net pension liability as a percentage of its covered-employee payroll	282.29%	264.89%
Plan fiduciary net position as a percentage of the total pension liability	66.80%	72.10%

Note: Information prior to 2016 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of IMAC's measurement date which is the prior year-end.

**INTERACTIVE MEDIA AND CONSTRUCTION, INC.
RICHLAND COUNTY, OHIO**

REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 14,685	\$ 19,507	\$ 1,624
Contributions in relation to the contractually required contribution	<u>(14,685)</u>	<u>(19,507)</u>	<u>(1,624)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
IMAC's covered-employee payroll	\$ 104,893	\$ 139,336	\$ 12,322
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	13.18%

Note: Information prior to fiscal year 2015 was not applicable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**INTERACTIVE MEDIA AND CONSTRUCTION, INC.
RICHLAND COUNTY, OHIO**

REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE FISCAL YEARS

	2017	2016	2015
Contractually required contribution	\$ 44,247	\$ 47,858	\$ 49,477
Contributions in relation to the contractually required contribution	(44,247)	(47,858)	(49,477)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
IMAC's covered-employee payroll	\$ 316,050	\$ 341,843	\$ 353,407
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%

Note: Information prior to fiscal year 2015 was not applicable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**INTERACTIVE MEDIA AND CONSTRUCTION, INC.
RICHLAND COUNTY, OHIO**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2016-2017.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, 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% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (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% of male rates, and 110% of female rates and (g) mortality among disable member was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2016-2017.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2016-2017. See the notes to the basic financial statements for the methods and assumptions in this calculation.

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

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Ohio Society of Certified Public Accountants

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

To the Members of the Board
Interactive Media and Construction, Inc.
Mansfield, Ohio

The Honorable Dave Yost
Auditor of State
State of Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Interactive Media and Construction, Inc., Richland County, Ohio, (the School) as of and for the year ended June 30, 2017, 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 19, 2017, wherein we noted the School is requesting forgiveness of intergovernmental payable through legal process.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School'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 School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School'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 School's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School'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 School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

December 19, 2017

INTERACTIVE MEDIA AND CONSTRUCTION, INC.
RICHLAND COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2017

The prior audit report as of June 30, 2016, included no citations. Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.



Dave Yost • Auditor of State

INTERACTIVE MEDIA AND CONSTRUCTION

RICHLAND 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 20, 2018**