

**METRO INSTITUTE OF TECHNOLOGY**

**FRANKLIN COUNTY**

**FINAL AUDIT**

**JULY 1, 2016 – JUNE 30, 2017**



**WILSON, SHANNON & SNOW**  
**INC.**  
**CPAs & ADVISORS**





# Dave Yost • Auditor of State

Board of Education  
Metro Institute of Technology  
1929 Kenny Road  
Columbus, Ohio 43210

We have reviewed the *Independent Auditor's Report* of the Metro Institute of Technology, Franklin County, prepared by Wilson, Shannon & Snow, 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 Metro Institute of Technology is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

January 25, 2018

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**METRO INSTITUTE OF TECHNOLOGY  
FRANKLIN COUNTY**

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Metro Institute of Technology  
Franklin County  
303 S. Grant Avenue  
Columbus, Ohio 43210



## INDEPENDENT AUDITOR'S REPORT

To the Governing Board:

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the Metro Institute of Technology, Franklin County, Ohio (the School), as of and for the fiscal 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 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 such 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 overall financial statement presentation.

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Metro Institute of Technology, Franklin County as of June 30, 2017, and the changes in its financial position and its cash flows for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 11 of the basic financial statements, the School formally ceased operations effective June 30, 2017 merging with the Metro Early College High School, Franklin County. Our opinion is not modified with respect to this matter.

***Other Matters***

***Required Supplementary Information***

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2017 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.

*Wilson, Shanna & Son, Inc.*

December 18, 2017  
Newark, Ohio



**METRO INSTITUTE OF TECHNOLOGY  
FRANKLIN COUNTY, OHIO**

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

The management's discussion and analysis of the Metro Institute of Technology's (the "School") financial performance provides an overall review of the School's financial activities for the fiscal year ending June 30, 2017. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School's financial performance. The School began accepting students and State Foundation revenue in July of 2015 and fiscal year 2016 was the first year of the School's operations.

On January 23, 2017 the Ohio Department of Education STEM Committee met to hear from representatives from the School and Metro Early College High School regarding an amendment to the proposal of both STEM schools. After careful review, the STEM Committee approved the proposed amendment to consolidate the School and Metro Early College High School into one school under IRN 012391. The consolidation allows students in one program to take courses in the other program, and avoid some duplication of administrative work. Both programs will continue to operate, in separate buildings, but under one IRN as one school. The School officially ceased operations on June 30, 2017 and consolidated with the Metro Early College High School. As such, all assets and liabilities of the School are transferred to the Metro Early College High School.

**Financial Highlights**

Key financial highlights for fiscal year 2017 are as follows:

- Net position decreased \$222,482 due to the aforementioned merger with the Metro Early College High School.
- The School had total revenues of \$1,396,567, including operating revenues of \$1,211,418 and non-operating revenues of \$185,149; these revenues supported operating expenses of \$1,122,582 during fiscal year 2017.

**Using the Basic Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the School's financial activities. The statement of net position and statement of revenues, expenses and changes in net position provide information about the activities of the School, including all short-term and long-term financial resources and obligations. The statement of cash flows provides information about how the School finances and meets the cash flow needs of its operations.

**Reporting the School Financial Activities**

***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 the School perform financially during 2017?" The statement of revenues, expenses and changes in net position answers this question. This statements includes all 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.

This statement reports the School's changes in net position. This change in net position is important because it tells the reader that, for the School as a whole, the financial position of the School has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. This statement can be found on pages 7 of this report. The statement of cash flows can be found on page 8.

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. These notes to the basic financial statements can be found on pages 9-18 of this report.

**METRO INSTITUTE OF TECHNOLOGY  
FRANKLIN COUNTY, OHIO**

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

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

	2017	2016
<b><u>Assets</u></b>		
Current assets	\$ -	\$ 324,240
Capital assets, net	-	9,175
Total assets	-	333,415
<b><u>Liabilities</u></b>		
Current liabilities	-	109,716
Long-term liabilities	-	1,217
Total liabilities	-	110,933
<b><u>Net position</u></b>		
Investment in capital assets	-	9,175
Unrestricted	-	213,307
Total net position	\$ -	\$ 222,482

The School ceased operations effective June 30, 2017 and transferred all assets and liabilities to the Metro Early College High School upon merger. See Note 11 in the notes to the basic financial statements for more detail.

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**METRO INSTITUTE OF TECHNOLOGY  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

The following table shows the change in net position for fiscal years 2017 and 2016.

**Change in Net Position**

	2017	2016
<b><u>Operating revenues:</u></b>		
State Foundation	\$ 1,143,714	\$ 468,671
Tuition and fees	6,877	4,062
Sales and charges for services	4,721	3,608
Miscellaneous	56,106	4,312
Total operating revenues	1,211,418	480,653
<b><u>Operating expenses:</u></b>		
Purchased services	1,052,803	799,354
Materials and supplies	45,010	79,186
Other	13,735	3,970
Depreciation	11,034	1,885
Total operating expenses	1,122,582	884,395
<b><u>Non-operating revenues:</u></b>		
Federal, State and local grants	183,605	198,248
Interest earnings	48	22
Contributions and donations	1,496	127,957
Total non-operating revenues	185,149	326,227
Income (loss) before special item	273,985	(77,515)
Special item: government merger	(496,467)	-
Change in net position	(222,482)	(77,515)
Net position at the beginning of the fiscal year	222,482	299,997
Net position at the end of the fiscal year	\$ -	\$ 222,482

As the preceding table illustrates, the School's primary source of revenue is State Foundation revenue, which is allocated to schools throughout the State based on Full Time Equivalent (FTE) students reported by the schools. The School's FTE increased from 70 in fiscal year 2016 to 159 in fiscal year 2017. Foundation revenue accounted for 94.4% of operating revenues and 81.9% of all revenues for fiscal year 2017. The only other significant revenue sources in were Federal, State and local grants which are reported as non-operating revenues.

The main component of expenses for the School is purchased services, which accounted for 93.8% of all expenses in fiscal year 2017. These expenses consist primarily of professional and technical services, including payments made under the School's services contract with the Educational Service Center Council of Governments. Refer to Note 6 in the notes to the basic financial statements for detail regarding the components of the School's purchased services expenses.

The School's merger with the Metro Early College High School effective June 30, 2017 resulted in a special item of (\$496,647) in fiscal year 2017. This amount represents the excess of assets over liabilities that were transferred as a result of the merger.

**METRO INSTITUTE OF TECHNOLOGY  
FRANKLIN COUNTY, OHIO**

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

**Capital Assets**

Capital assets, net of depreciation, at June 30, 2017 and June 30, 2016 were \$0 and \$9,175, respectively. Additions to capital assets in fiscal year 2017 were \$77,772 and the School recognized \$11,034 in depreciation expense for the fiscal year. At June 30, 2017, the School transferred all capital assets, net of accumulated depreciation, to the Metro Early College High School and therefore reported no capital assets at the end of the period. Refer to Note 5 in the notes to the basic financial statements for more detail on the School's capital assets.

**Debt Administration**

The School had no debt outstanding at June 30, 2017 or June 30, 2016.

**Ceased Operations**

The School ceased operations on June 30, 2017 and merged with the Metro Early College High School. The transfer of assets and liabilities as a result of the merger is reported as a special item on the statement of revenues, expenses, and changes in net position.

**Contacting the School's Financial Management**

This financial report is designed to provide our citizens, investors and creditors with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional financial information contact Tammy Rizzo, Treasurer, 2080 Citygate Drive, Columbus, Ohio 43219.

**METRO INSTITUTE OF TECHNOLOGY  
FRANKLIN COUNTY, OHIO**

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

<b>Operating revenues:</b>	
State Foundation . . . . .	\$ 1,143,714
Tuition and fees . . . . .	6,877
Sales and charges for services. . . . .	4,721
Miscellaneous . . . . .	56,106
Total operating revenues. . . . .	<u>1,211,418</u>
<b>Operating expenses:</b>	
Purchased services. . . . .	1,052,803
Materials and supplies. . . . .	45,010
Other. . . . .	13,735
Depreciation. . . . .	11,034
Total operating expenses. . . . .	<u>1,122,582</u>
Operating income. . . . .	<u>88,836</u>
<b>Non-operating revenues:</b>	
Federal, State and local grants. . . . .	183,605
Interest earnings . . . . .	48
Contributions and donations. . . . .	1,496
Total non-operating revenues . . . . .	<u>185,149</u>
Income before special item. . . . .	273,985
Special item: government merger (see Note 11) . . . . .	<u>(496,467)</u>
Change in net position . . . . .	(222,482)
<b>Net position at beginning of fiscal year. . . . .</b>	<u>222,482</u>
<b>Net position at end of fiscal year . . . . .</b>	<u><u>\$ -</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**METRO INSTITUTE OF TECHNOLOGY  
FRANKLIN COUNTY, OHIO**

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

<b>Cash flows from operating activities:</b>	
Cash received from State Foundation . . . . .	\$ 1,174,187
Cash received from tuition and fees . . . . .	6,197
Cash received from sales and charges for services. . . . .	3,225
Cash received from miscellaneous sources. . . . .	56,106
Cash payments for purchased services . . . . .	(1,073,245)
Cash payments for materials and supplies . . . . .	(45,010)
Cash payments for other expenses . . . . .	(13,517)
	<u>107,943</u>
<b>Cash flows from noncapital financing activities:</b>	
Cash received from Federal, State and grants . . . . .	186,779
Cash used in special item - government merger (see Note 11). . . . .	(536,681)
	<u>(349,902)</u>
<b>Cash flows from capital and related financing activities:</b>	
Acquisition of capital assets . . . . .	(77,772)
	<u>(77,772)</u>
<b>Cash flows from investing activities:</b>	
Interest received . . . . .	48
	<u>48</u>
Net cash provided by investing activities . . . . .	48
Net decrease in cash and cash equivalents . . . . .	(319,683)
<b>Cash and cash equivalents at beginning of fiscal year. . . . .</b>	<b>319,683</b>
<b>Cash and cash equivalents at end of fiscal year . . . . .</b>	<b>\$ -</b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income. . . . .	\$ 88,836
Adjustments:	
Depreciation . . . . .	11,034
Changes in assets and liabilities:	
Increase in accounts receivable. . . . .	(2,176)
Decrease in intergovernmental receivable. . . . .	50
Increase in prepayments. . . . .	(512)
Decrease in accounts payable . . . . .	(50,021)
Increase in intergovernmental payable . . . . .	60,732
	<u>60,732</u>
Net cash provided by operating activities. . . . .	<u>\$ 107,943</u>
<b>Non-cash transactions:</b>	
Special item: government merger. See Note 11 for detail.	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**METRO INSTITUTE OF TECHNOLOGY  
FRANKLIN COUNTY, OHIO**

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

**NOTE 1 - DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY**

The Metro Institute of Technology (the “School”) is a legally separate nonprofit corporation served by an appointed ten-member Governing Board and meets the definition of a science, technology, engineering, and math (STEM) school under chapter 3326 of the Ohio Revised Code. The fiscal year ended June 30, 2016 was the first year of operations for the School. The School is a small and intellectually vibrant learning community designed to serve students who want a personalized learning experience that prepares them for a connected world where math, science and technology are vitally important. The School is a 5-year career tech program that offers a rigorous curriculum, while enhancing the quantity and quality of 21<sup>st</sup> century leadership skills. All students have the opportunity to earn stackable credentials, including an associate’s degree within each of the following career pathways: Computer Science, Engineering Technologies/Manufacturing, Medical Laboratory Technology, and more. The School offers education for children in the ninth through twelfth grade.

The School has been granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code.

The School’s Governing Board advises and assists the school staff on curriculum, school evaluation and research, professional development, funding and community relations. Ten members serve on the Governing Board, including three representatives from The Ohio State University, three from Battelle Memorial Institute, two from Columbus City Schools, one from Franklin University and one from the Educational Council Foundation Board. The School’s executive director, principal and staff oversee the day-to-day operations of the School.

The Educational Service Center Council of Governments serves as the fiscal agent for the School (See Note 8).

The School ceased operations effective June 30, 2017 and merged with the Metro Early College High School; see Note 11 for more detail.

*Reporting Entity:*

The reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units” and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34”. The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School. For the School, this includes instructional activities of the School.

Component units are legally separate organizations for which the School is financially accountable. The School is financially accountable for an organization if the School appoints a voting majority of the organization’s Governing Board and (1) the School is able to significantly influence the programs or services performed or provided by the organization; or (2) the School is legally entitled to or can otherwise access the organization’s resources; or (3) the School is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the School is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School in that the School approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government’s financial statements incomplete or misleading.

**METRO INSTITUTE OF TECHNOLOGY  
FRANKLIN COUNTY, OHIO**

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Based upon the application of these criteria, the School has no component units. The basic financial statements of the reporting entity include only those of the School (the primary government).

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

**A. Basis of Presentation**

The School's basic financial statements consist of a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows. Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where it has been decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**B. Measurement Focus**

The accounting and financial reporting treatment is determined by its measurement focus. Enterprise accounting uses a "flow of economic resources" measurement focus. With this measurement focus, all assets and all liabilities are included on the statement of net position.

**C. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The School's financial statements are prepared using the accrual basis of accounting. Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded when the exchange takes place. Revenues resulting from non-exchange transactions, in which the School receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the year when use is first permitted and all eligibility requirements have been met; eligibility requirements include matching requirements, in which the School must provide local resources to be used for a specified purpose, and expenditures requirements, in which the resources are provided to the School 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, STEM schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705. Ohio Revised Code 5705.391 does require the School to prepare a five-year projection.



**METRO INSTITUTE OF TECHNOLOGY  
FRANKLIN COUNTY, OHIO**

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

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

**E. Cash and Cash Equivalents**

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

For presentation on the financial statements, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

Investments are reported at fair value, except for non-negotiable certificates of deposit, which are reported at cost. Fair value is based on quoted market prices. The School had no investments during the fiscal year ended June 30, 2017.

**F. Prepayments**

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

**G. Capital Assets**

The School's capital assets during fiscal year 2017 consisted of furniture, fixtures and equipment. All capital assets are capitalized at cost and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The School maintains a capitalization threshold of \$500. The School does not have any infrastructure. 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.

All capital assets are depreciated. Depreciation is computed using the straight-line method over useful lives ranging from 3-20 years.

**H. Net Position**

Net position represents the difference between assets and liabilities. The net position component "investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

**METRO INSTITUTE OF TECHNOLOGY  
FRANKLIN COUNTY, OHIO**

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

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

**I. Intergovernmental Revenue**

The School currently participates in the State Foundation Program. Revenues received from this program are recognized as operating revenues in the accounting period in which all eligibility requirements have been met.

The amount of these grants is directly related to the number of students enrolled in the School. The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the School. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which State foundation funding is calculated.

The remaining grants and entitlements received by the School are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is permitted, matching requirements, in which the School must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the school on a reimbursement basis.

**J. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the financial statements.

**K. Estimates**

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

**L. Operating Revenues and Expenses**

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

**M. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Governing Board and that are either unusual in nature or infrequent in occurrence. The School merged with the Metro Early College High School (“Metro”) effective June 30, 2017. As a result of the merger, all assets and liabilities were transferred to Metro. The transfer of assets and liabilities is reported as a special item on the statement of revenues, expenses and changes in net position. See Note 11 for more detail.

**METRO INSTITUTE OF TECHNOLOGY  
FRANKLIN COUNTY, OHIO**

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

**NOTE 3 - ACCOUNTABILITY**

**Change in Accounting Principles**

For fiscal year 2017, the School has implemented 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. 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. The implementation of GASB Statement No. 77 did not have an effect on the financial statements of the School.

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 the School.

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 the School.

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 the School.

**NOTE 4 - DEPOSITS**

Monies held by the School are classified by State statute into three categories.

Active monies are public deposits determined to be necessary to meet current demands upon the School treasury. Active monies must be maintained either as cash in the School Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Governing Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

**METRO INSTITUTE OF TECHNOLOGY  
FRANKLIN COUNTY, OHIO**

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

**NOTE 4 - DEPOSITS - (Continued)**

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than five years from the date of deposit, or by savings or deposit accounts, including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Protection of the School's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

**METRO INSTITUTE OF TECHNOLOGY  
FRANKLIN COUNTY, OHIO**

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

**NOTE 4 - DEPOSITS - (Continued)**

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At June 30, 2017, the carrying amount of all School deposits which was transferred to the Metro Early College High School (see Note 11) was \$536,681. Based on the criteria described in GASB Statement No. 40, "*Deposits and Investment Risk Disclosures*", as of June 30, 2017, \$310,979 of the School's bank balance of \$560,979 was exposed to custodial risk as discussed below, while \$250,000 was covered by the Federal Deposit Insurance Corporation (the "FDIC").

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.

**NOTE 5 - CAPITAL ASSETS**

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

	Balance 06/30/16	Additions	Reductions	Transfer of Assets	Balance 06/30/17
Capital assets, being depreciated:					
Furniture, fixtures and equipment	\$ 11,060	\$ 77,772	\$ -	\$ (88,832)	\$ -
Total capital assets being depreciated	<u>11,060</u>	<u>77,772</u>	<u>-</u>	<u>(88,832)</u>	<u>-</u>
Less: accumulated depreciation					
Furniture, fixtures and equipment	(1,885)	(11,034)	-	12,919	-
Total accumulated depreciation	<u>(1,885)</u>	<u>(11,034)</u>	<u>-</u>	<u>12,919</u>	<u>-</u>
Capital assets, net	<u>\$ 9,175</u>	<u>\$ 66,738</u>	<u>\$ -</u>	<u>\$ (75,913)</u>	<u>\$ -</u>

As discussed in Note 11, the School merged with the Metro Early College High School. All capital assets, net of accumulated depreciation, were transferred effective June 30, 2017.

**METRO INSTITUTE OF TECHNOLOGY  
FRANKLIN COUNTY, OHIO**

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

**NOTE 6 - PURCHASED SERVICES**

For fiscal year ended June 30, 2017, purchased services expenses were as follows:

Professional and technical services *	\$ 769,634
Property services	202,258
Travel mileage and meetings	2,599
Communications	6,056
Contracted craft or trade	54,865
Tuition	747
Pupil transportation services	3,163
Other	<u>13,481</u>
Total	<u>\$ 1,052,803</u>

\* Professional and technical services includes \$634,509 in salary and benefit related expenses specific to School employees who are employed by the Educational Service Center Council of Governments.

**NOTE 7 - RISK MANAGEMENT**

The School is exposed to various risk 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, the school had general liability, property and auto insurance through McGowan Governmental Underwriters. Settled claims have not exceeded this commercial coverage and there has been no significant reduction in coverage compared to the prior fiscal year.

**NOTE 8 - SERVICE AGREEMENT**

The School entered into a service contract with the Educational Service Center Council of Governments (ESCCOG) for fiscal year 2017 to provide fiscal, student data, and Comprehensive Continuous Planning (CCP) consulting services.

The ESCCOG shall perform the following services for the School in accordance with the services proposal:

- Month End Accounting
- Accounts Payable/Receivable
- Payroll
- Accounting/Fiscal Support/Tax Reporting/General Office Support
- EMIS/Recordkeeping

**METRO INSTITUTE OF TECHNOLOGY  
FRANKLIN COUNTY, OHIO**

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

**NOTE 9 - 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School at June 30, 2017.

**B. 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 the School 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, the School.

**C. Litigation**

The School is not involved in any litigation that, in the opinion of management, would have a material effect on the financial statements at June 30, 2017.

**NOTE 10 - OPERATING LEASE**

The School has entered into a lease agreement to rent a building from Franklin University. The initial lease term is for a period of four years, from August 1, 2015 through July 31, 2019. The School retains the option to extend the lease for two, consecutively-occurring four-year renewal terms. Payments on the lease in fiscal year 2017 totaled \$202,258.

**METRO INSTITUTE OF TECHNOLOGY  
FRANKLIN COUNTY, OHIO**

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

**NOTE 11 – SPECIAL ITEM - CEASED OPERATIONS – MERGER**

On January 23, 2017 the Ohio Department of Education STEM Committee met to hear from representatives from the School and Metro Early College High School regarding an amendment to the proposal of both STEM schools. After careful review, the STEM Committee approved the proposed amendment to consolidate the School and Metro Early College High School into one school under IRN 012391. The consolidation allows students in one program to take courses in the other program, and avoid some duplication of administrative work. Both programs will continue to operate, in separate buildings, but under one IRN as one school. The School officially ceased operations on June 30, 2017 and consolidated with the Metro Early College High School (Metro).

As a result of the merger, the School is reporting a special item representing the remaining assets and liabilities which were transferred to the Metro Early College High School:

Assets:

Cash and cash equivalents	\$ 536,681
Accounts receivable	4,198
Prepayments	1,319
Depreciable capital assets	88,832
(Accumulated depreciation)	<u>(12,919)</u>
Total assets transferred upon merger	<u>\$ 618,111</u>

Liabilities:

Intergovernmental payable	\$ 120,671
Long-term liabilities:	
Intergovernmental payable	<u>973</u>
Total liabilities transferred upon merger	<u>\$ 121,644</u>
Total Special Item	<u><u>\$ 496,467</u></u>



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

Metro Institute of Technology  
Franklin County  
303 S. Grant Avenue  
Columbus, Ohio 43210

To the Governing Board:

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 Metro Institute of Technology, Franklin County, (the School) as of and for the fiscal 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 18, 2017 wherein we noted the School ceased operations as disclosed in Note 11.

***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 Entity'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.

Metro Institute of Technology  
Franklin County  
Independent Auditor's Report on Internal Control Over Financial  
Reporting and on Compliance and Other Matters Required  
By *Government Auditing Standards*

***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.

*Wilson, Shannon E. Shaw, Inc.*

Newark, Ohio  
December 18, 2017



# Dave Yost • Auditor of State

**METRO INSTITUTE OF TECHNOLOGY**

**FRANKLIN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 6, 2018**