The Graham School

Franklin County, Ohio

Audited Financial Statements

For The Fiscal Year Ended June 30, 2016

Board of Trustees
The Graham School
3950 Indianola Ave.
Columbus, Ohio 43214

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

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

Dave Yost
Auditor of State

May 24, 2017

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THE GRAHAM SCHOOL
FRANKLIN COUNTY, OHIO

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Rea & associates a brighter way

February 21, 2017

To the Board of Directors
The Graham School
3950 Indianola Avenue
Columbus, OH 43214

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of The Graham School, Franklin County, Ohio (the School), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents. We also have audited the accompanying schedule of management company expenses presented as supplementary information for the year ended June 30, 2016.

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.

CPAs and business consultants
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2016, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the supplemental information referred to above presents fairly, in all material respects, the management expenses incurred by the Graham School on behalf of other schools for the year ended June 30, 2016, in accordance with accounting principles generally accepted in the United State of America.

Emphasis of Matters

The accompanying financial statements have been prepared assuming the School will continue as a going concern. As disclosed in Note 22 to the financial statements, the School has suffered recurring losses from operations and has a net position deficit of $11,570,636 that raises substantial doubt about its ability to continue as a going concern. This deficit net position includes the effect of the net pension liability and related accruals totaling $10,848,737. Note 22 describes management's plan regarding these issues. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. 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 the Schedule of the School's Proportionate Share of the Net Pension Liability, and the Schedule of the School Contributions on pages 3-7, 35, and 36, respectively, 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 February 21, 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.

Rea & Associates, Inc.

Dublin, Ohio

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

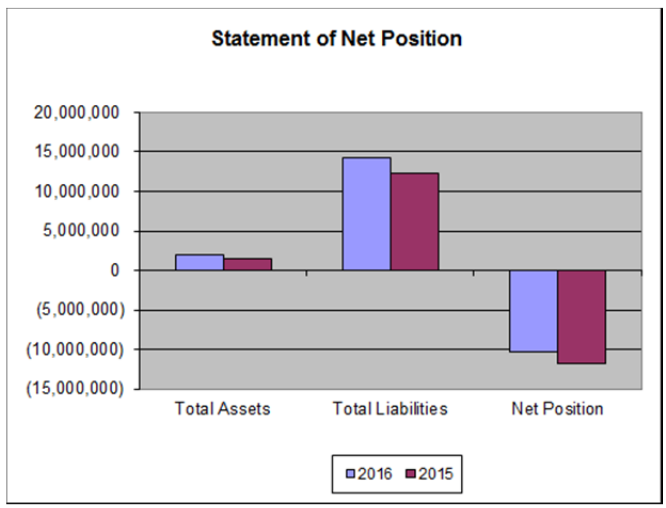
Our discussion and analysis of The Graham School (TGS) financial performance provides an overall review of TGS' financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at TGS' financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the TGS' financial performance.

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

FINANCIAL HIGHLIGHTS

Key Financial Highlights for TGS for the fiscal year 2016 are as follows:

- In total, net position increased $230,711, which represents a 2.0 percent increase from 2015. This is due to decrease in salaries and benefit expenses and an increase in Services to Schools.
- Total assets increased $391,928 which represents a 25.5 percent increase from 2015. This was primarily due to increases in cash from the previous year.
- Liabilities increased $1,946,122 which represents a 15.8 percent increase from 2015. The increase in liabilities is due to increases in net pension liabilities, accounts payable, and capital leases.



USING THIS ANNUAL REPORT

This report consists of three parts: required supplementary information, the basic financial statements, and notes to those statements. The basic financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows.

The Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position reflect how TGS did financially during fiscal year 2016. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting includes all of the current year revenues and expenses regardless of when cash is received or paid.

These statements report TGS' net position and changes in net position. This change in net position is important because it tells the reader whether the financial position of TGS has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include TGS' student enrollment, per-pupil funding as determined by the State of Ohio, change in technology, required educational programs, and other factors.

TGS uses enterprise presentation for all of its activities.

Statement of Net Position

The Statement of Net Position answers the question of how TGS did financially during fiscal year 2016. This statement includes all assets and deferred outflows of resources and liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term using the accrual basis of accounting and economic resource focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

Table 1 provides a summary of TGS' net position for fiscal years 2016 and 2015.

Table 1
Statement of Net Position

	2016	2015
Assets		
Current Assets	$ 950,151	$ 565,669
Capital Assets, Net	976,446	969,000
Total Assets	1,926,597	1,534,669
Deferred Outflows		
Pension Requirements	1,613,815	813,672
Liabilities		
Current Liabilities	1,418,168	1,193,068
Long Term Liabilities	12,878,861	11,157,839
Total Liabilities	14,297,029	12,350,907
Deferred Inflows		
Pension Requirements	814,019	1,798,999
Net Position		
Net Investment in Capital Assets	(360,400)	(373,095)
Unrestricted	(11,210,236)	(11,428,470)
Total Net Position	$(11,570,636)	$(11,801,565)

Net Position increased $230,929, which represents a 2.0 percent increase from 2015. This is due to increases in Services to Schools. Total assets increased $391,928 which represents a 25.5 percent increase from 2015. This was primarily due to increases in cash from the previous year. Liabilities increased $1,946,122, which represents a 15.8 percent increase from 2015. The increase in liabilities is due to increases in net pension liabilities, accounts payable, and capital leases.

Statement of Revenues, Expenses and Changes in Net Position

Table 2 shows the changes in net position for fiscal years 2016 and 2015, as well as a listing of revenues and expenses. This change in net position is important because it tells the reader whether, for TGS as a whole, the financial position of TGS has improved or diminished. The cause of this may be the result of many factors, some financial, some not. Non-financial factors include the current laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

Table 2
Change in Net Position

	2016	2015
Operating Revenue		
State Aid	$ 2,391,651	$ 2,292,248
Casino Aid	13,221	12,535
Facilities Aid	38,879	22,911
Classroom Materials & Fees	9,806	5,989
Services to Schools	4,821,002	4,055,417
Other Operating Revenues	3,057	30,185
Non-Operating Revenue		
Grants – State	732	624
Grants – Federal	257,381	293,050
Investment Income	-	274
Contributions and Donations	54,342	96,349
Gain on Sale of Assets	8,052	-
Total Revenues	7,598,123	6,809,582
Operating Expenses		
Salaries	4,938,615	4,675,678
Fringe Benefits	1,538,540	1,208,797
Purchased Services	617,126	542,569
Materials and Supplies	71,668	136,358
Depreciation Expense	85,598	84,615
Other Operating Expense	65,419	80,117
Non-Operating Expenses		
Investment Loss	676	-
Interest and Fiscal Charges	49,552	48,053
Total Expenses	7,367,194	6,776,187
Increase in Net Position	$ 230,929	$ 33,395

Total revenues increased $788,541, which represents an 11.6% increase from 2015. Total expenses increased by $591,007, which represents an 8.7% increase from 2015. Operating revenue increases are due primarily to increases in revenue for services provided to schools (see notes 18, 19, and 20).

During 2015, the School 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 the School'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.

Under the new standards required by GASB 68, the net pension liability equals the School'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, the School 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, the School'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 of resources.

BUDGETING HIGHLIGHTS

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Chapter 5705, unless specifically provided in the community school's contract with its sponsor. The contract between TGS and its Sponsor does prescribe a budgetary process. TGS has developed a one year spending plan and a five-year forecast that is reviewed semi-annual by the Board of Trustees. The five-year forecast is also submitted to the Sponsor and the Ohio Department of Education, annually.

CAPITAL ASSETS

TGS has $976,446 invested in capital assets, net of accumulated depreciation. Detailed information regarding capital asset activity is included in the Note 5 to the basic financial statements.

DEBT OBILIGATIONS

TGS has long-term debt obligation of $1,336,846 at June 30, 2016, of which $106,518 is current. Notes 11 and 13 to the basic financial statements summarize all of the TGS' debt obligations at June 30, 2016.

OTHER INFORMATION

For the Future

In conclusion, TGS has committed itself to financial excellence. TGS has contracted with Delaware-Union Educational Service Center as its sponsor effective July 1, 2010, but merged with the Educational Service of Central Ohio, effective May 13, 2009. See note 16 for further information.

TGS has extensive fundraising activities and receives donations to assist in financing its operations; this practice is expected to continue. The TGS is also continuing to fund additional schools. In addition to the Charles School at Ohio Dominican University and Graham Expeditionary Middle School (GEMS), the school has started the Graham Primary School (GPS). It is planned that income derived from running both schools will be used to reduce the debt of TGS. Also, the financial outlook over the next several years shows continued growth in enrollment at TGS as well. But, future revenue increases are cautious due historic levels of enrollment at the school. Currently, TGS is experiencing financial difficulty. See Note 22 for further information.

CONTACTING THE GRAHAM SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of TGS' finances and to demonstrate accountability for the money it receives. If you have questions about this report or need additional information contact Ms. Cheryl Long of The Graham School, 3950 Indianola Avenue, Columbus, Ohio 43214 or e-mail at cheryl@thegrahamschool.org.

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THE GRAHAM SCHOOL
FRANKLIN COUNTY, OHIO

Statement of Net Position
June 30, 2016

Assets	
Current Assets:	
Cash and Cash Equivalents	$ 922,156
Beneficial Interest in Assets Held By Others	20,450
Intergovernmental Receivable	7,545
Total Current Assets	950,151
Noncurrent Assets:	
Capital Assets:	
Non-Depreciable Capital Assets	141,800
Depreciable Capital Assets, net	834,646
Total Noncurrent Assets	976,446
Total Assets	1,926,597
DEFERRED OUTFLOWS OF RESOURCES	
Pension Requirements	1,613,815
Liabilities	
Current Liabilities:	
Accounts Payable	513,689
Accrued Wages and Benefits	787,755
Intergovernmental Payable	10,206
Capital Lease Payable, Due within one year	14,363
Long Term Notes Payable, Due within one year	92,155
Total Current Liabilities	1,418,168
Long-Term Liabilities:	
Net Pension Liability	11,648,533
Notes Payable, Due in more than one year	1,151,997
Capital Lease Payable, Due in more than one year	78,331
Total Long-Term Liabilities	12,878,861
Total Liabilities	14,297,029
DEFERRED INFLOWS OF RESOURCES	
Pension Requirements	814,019
Net Position	
Net Investment in Capital Assets	(360,400)
Unrestricted	(11,210,236)
Total Net Position	$ (11,570,636)

See accompanying notes to the basic financial statements

THE GRAHAM SCHOOL
FRANKLIN COUNTY, OHIO

Statement of Revenues,
Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2016

Operating Revenues	
State Aid	$ 2,391,651
Casino Aid	13,221
Facilities Aid	38,879
Classroom Fees	9,806
Services to Schools	4,821,002
Other Operating	3,057
Total Operating Revenues	7,277,616
Operating Expenses	
Salaries	4,938,615
Fringe Benefits	1,538,540
Purchased Services	617,126
Materials and Supplies	71,668
Depreciation	85,598
Other	65,419
Total Operating Expenses	7,316,966
Operating Loss	(39,350)
Non-Operating Revenues (Expenses)	
Grants	258,113
Contributions & Donations	54,342
Gain on Sale of Asset	8,052
Investment Income/(Loss)	(676)
Interest and Fiscal Charges	(49,552)
Total Non-Operating Revenues (Expenses)	270,279
Change in Net Position	230,929
Net Position Beginning of Year	(11,801,565)
Net Position End of Year	$ (11,570,636)

See accompanying notes to the basic financial statements

THE GRAHAM SCHOOL
FRANKLIN COUNTY, OHIO

Statement of Cash Flows
For the Fiscal Year Ended June 30, 2016

Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from State of Ohio	$ 2,444,526
Cash Received from Other Operating Sources	4,885,583
Cash Payments to Suppliers for Goods and Services	(505,360)
Cash Payments to Employees for Services	(4,914,583)
Cash Payments for Employee Benefits	(1,579,758)
Other Cash Payments	(65,419)
Net Cash Provided by Operating Activities	264,989
Cash Flows from Noncapital Financing Activities	
Cash Received from Operating Grants	258,113
Cash Received from Contributions and Donations	54,342
Net Cash Provided by Noncapital Financing Activities	312,455
Cash Flows from Capital and Related Financing Activities	
Cash Payments for Capital Assets	(7,459)
Cash Payments for Interest and Fiscal Charges	(49,552)
Cash Payments for Principal Payments	(82,737)
Net Cash Used in Capital Financing Activities	(139,748)
Cash Flows from Investing Activities	
Interest Income/(Loss)	(676)
Net Cash Used for Investing Activities	(676)
Net Increase in Cash and Cash Equivalents	437,020
Cash and Cash Equivalents Beginning of Year	485,136
Cash and Cash Equivalents End of Year	$ 922,156

THE GRAHAM SCHOOL
FRANKLIN COUNTY, OHIO

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

Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities	
Operating Loss	$ (39,350)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Depreciation	85,598
Changes in Assets, Liabilities, and Deferred Inflows and Outflows of Resources:	
Accounts Receivable	51,718
Intergovernmental Receivable	775
Accounts Payable	173,228
Accrued Wages and Benefits	24,032
Intergovernmental Payable	10,206
Net Pension Liability	1,743,905
Deferred Outflows	(800,143)
Deferred Inflows	(984,980)
Net Cash Provided by Operating Activities	$ 264,989

See accompanying notes to the basic financial statements

Non-cash activity: During the fiscal year ended June 30, 2016, TGS terminated a copier lease early and received a credit of $23,182. TGS then entered into a new copier lease in the amount of $100,670.

1. DESCRIPTION OF THE REPORTING ENTITY

The Graham School (TGS) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. TGS is an approved tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect TGS' tax-exempt status. TCS' objective is to use the Columbus community to form partnerships for student learning. Individualized programs are used to meet students' needs. Parents and students are included in all decision-making. TGS, which is part of the State's education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. TGS may acquire facilities as needed and contract for any services necessary for its operation.

TGS was approved for operation under a contract with the Delaware-Union Educational Service Center (the Sponsor) for a period of one year commencing July 1, 2008. A new one year contract was approved commencing July 1, 2009. The Sponsor is responsible for evaluating the performance of TGS and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

On January 1, 2009, the Sponsor merged with the Franklin County Service Center. The surviving organization, the Educational Service Center of Central Ohio, acknowledges its obligations under the existing contract between the Sponsor and TCS, and expects to honor provisions contained therein, as documented in the Memorandum of Understanding dated January 3, 2009. The contract ran through July 2014 and was renewed for an additional three year period through June 2017.

TGS operates under the direction of a seven-member governing board. Most of the members who sit on the TGS board also serve on the Board of the Charles School at Ohio Dominican University, (TCS). The governing board is responsible for carrying out the provisions of the contract, which include but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The governing board controls TGS and TCS instructional/support facilities staffed by non-certified and certificated full time personnel who provide services to students at TGS, TCS, Graham Primary School (GPS), and Graham Expeditionary Middle School (GEMS).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Graham have been prepared in conformity with generally accepted accounting principles (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. Following are the more significant of Graham's accounting policies.

A. Basis of Presentation

TGS uses enterprise accounting to maintain its financial records during the fiscal year. Enterprise accounting focuses on the determination of operating income, changes in Net Position, financial position, and cash flows. Enterprise accounting may be used to account for any activity for which a fee is charged to external users for goods or services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources and all liabilities and deferred inflows of resources are included on the Statement of Net Position. Operating statements present increases and decreases in net position. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The accrual basis of accounting is used for reporting purposes. Revenues are recognized when earned and expenses are recognized when they are incurred.

C. Budgetary Process

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided by its sponsor in the sponsorship agreement. The contract between TGS and its Sponsor does not prescribe for an annual budget requirement. TGS does prepare a five-year forecast, which is to be updated semi-annually, and shared with the Governing Board, Ohio Department of Education and its Sponsor.

D. Cash and Cash Equivalents

All cash received by the TGS is deposited in accounts in the TGS' name and reflected as Cash and Cash Equivalents on the Statement of Net Position. The TGS has investments during fiscal year 2016 (see Note 3).

E. Prepaid Items

TGS records payments made to vendors for services that will benefit periods beyond June 30, 2016, as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the year in which services are consumed.

F. Capital Assets and Depreciation

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. TGS' capitalization threshold is one thousand dollars.

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized.

Depreciation of furniture and equipment is computed using the straight–line method over an estimated life of five years. Improvements to capital assets are depreciated over the remaining useful lives. Buildings are depreciated over forty years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Intergovernmental Revenues

TGS currently participates in the state's foundation and special education programs. Revenues received from these programs are recognized as operating revenues (foundation and special education payments) in the accounting period in which they are earned and become measurable. Funding from these programs is listed as "State Aid" on the Statement of Revenues, Expenses, and Changes in Net Position.

Grants 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 year when use is first permitted, matching requirements, in which Graham must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to TGS on a reimbursement basis.

Resources where the timing requirement is not met are recorded as a liability to the funding source, and reported as a non-operating expense. Resources received prior to the period of use are deferred.

H. Net Position

Net Position represent the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net Position invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net Position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by TGS or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. TGS presently has no restricted Net Position at June 30, 2016, but the Statement of Net Position reports $(360,400) in Net Investment in Capital Assets.

I. Operating Revenues and Expenses

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

J. Estimates

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

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 positon 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. Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the TGS, deferred outflows of resources are reported on the statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 7.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position (see Note 7).

3. DEPOSITS AND INVESTMENTS

A. Deposits with Financial Institutions

Deposits: The carrying value of the TGS' deposits totaled $917,893, and the bank balance totaled $969,230. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2016, $717,981 of TGS' bank balance was not covered by Federal Deposit Insurance.

Custodial credit risk is the risk that, in the event of bank failure, the TGS' deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent 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 TGS' name.

3. DEPOSITS AND INVESTMENTS (Continued)

B. Investments

TGS has received donations in the form of equity stock. The investment banker, Morgan Stanley Smith Barney, LLC holds the investment. The carrying value of various equity shares of this stock at June 30, 2016 is $ 4,263, of which $374 is in cash. Due to current market risk and its effect on the equity stocks, TGS has gained $274 in fiscal 2016 on these holdings.

The carrying value of the equity stock is recorded at its fair market value at June 30, 2016.

TGS is exposed to market and custodial risk on this investment to the extent of the value of the equity stock, and any undistributed earnings.

Rating	Investment	Measurement Amount	Investment Maturities in Months 0-12	Percent of Total
N/A	Morgan Stanley securities	$ 4,263	$ 4,263	100%
		$ 4,263	$ 4,263	100%

The School 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. The above table identifies the School's recurring fair value measurements as of June 30, 2016. All investments of the School are valued using quoted market prices (Level 1 inputs).

4. RECEIVABLES

At June 30, 2016, TGS had intergovernmental receivables in the amount of $7,545. Intergovernmental receivables are amounts due from ODE related to federal grants and state aid.

5. CAPITAL ASSETS

At June 30, 2016, the following table represents TGS' changes in capital assets. Capital assets are considered depreciable, except for land.

5. CAPITAL ASSETS (Continued)

	Balance 06/30/15	Additions	Retirements	Balance 06/30/15
Non-Depreciable Capital Assets				
Land	$ 141,800	-	-	$ 141,800
Capital Assets Being Depreciated:				
Building	1,108,200	-	-	1,108,200
Improvements	770,677	-	-	770,677
Furniture and Equipment	307,606	108,129	(70,094)	345,641
Total Capital Assets Being Depreciated	2,186,483	108,129	(70,094)	2,224,518
Less Accumulated Depreciation:				
Building	(387,460)	(27,705)	-	(415,165)
Improvements	(746,729)	(18,464)	-	(765,193)
Furniture and Equipment	(225,094)	(39,429)	55,009	(209,514)
Total Accumulated Depreciation	(1,359,283)	(85,598)	55,009	(1,389,872)
Net Total Capital Assets	$ 969,000	$ 22,531	$ (15,085)	$ 976,446

6. RISK MANAGEMENT

A. Insurance Coverage

TGS is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For the year ended 2016, TGS contracted with the Philadelphia Insurance Co.:

Commercial General Liability per occurrence	$1,000,000
Commercial General Liability aggregate	2,000,000
Umbrella Liability per occurrence	6,000,000
Umbrella Liability aggregate	6,000,000
Automobile Liability combined single limit	1,000,000
Commercial Property Liability – Personal Property ($1,000 Deductible)	25,600
Excess Volunteer Liability per occurrence	1,000,000
Excess Volunteer Liability aggregate	3,000,000

Settled Claims have not exceeded this coverage in any of the past three years, nor has there been any significant reduction in insurance coverage from the prior year.

6. RISK MANAGEMENT (Continued)

B. Workers' Compensation

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

C. Employee Medical, Dental and Vision Benefits

TGS has contracted through an independent agent to provide employee medical, dental, and vision insurance to its full-time employees who work 40 or more hours per week.

7. 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 the TGS'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.

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

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

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

7. DEFINED BENEFIT PENSION PLANS (Continued)

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

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

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2016, the allocation to pension, death benefits, and Medicare B was 14 percent. SERS did not allocate any employer contributions to the Health Care Fund for fiscal year 2016.

The School's contractually required contribution to SERS was $140,880 for fiscal year 2016.

7. DEFINED BENEFIT PENSION PLANS (Continued)

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

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2016, 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, 2014, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2016, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

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

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

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

7. DEFINED BENEFIT PENSION PLANS (Continued)

C. Plan Description - State Teachers Retirement System (STRS) (Continued)

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2014, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2016, plan members were required to contribute 13 percent of their annual covered salary. The School was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2016 contribution rates were equal to the statutory maximum rates.

The School's contractually required contribution to STRS was $559,452 for fiscal year 2016.

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, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on TGS'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:

	STRS	SERS	Total
Proportionate Share of the Net Pension Liability	$ 10,102,860	$ 1,545,673	$ 11,648,533
Proportion of the Net Pension Liability	0.03655546%	0.02708810%	
Pension Expense	$ 538,029	$ 121,085	$ 659,114

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

7. DEFINED BENEFIT PENSION PLANS (Continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

	STRS	SERS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 457,257	$ 25,579	$ 482,836
Changes in proportion	430,647	0	430,647
School contributions subsequent to the measurement date	559,452	140,880	700,332
Total Deferred Outflows of Resources	$ 1,447,356	$ 166,459	$ 1,613,815
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$ 663,039	$ 63,405	$ 726,444
Changes in proportion	0	87,575	87,575
Total Deferred Inflows of Resources	$ 663,039	$ 150,980	$ 814,019

$700,332 reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	STRS	SERS	Total
Fiscal Year Ending June 30:			
2017	$ (36,224)	$ (50,451)	$ (86,675)
2018	(36,224)	(50,451)	(86,675)
2019	(36,227)	(50,451)	(86,678)
2020	333,537	25,950	359,487
	$ 224,862	$ (125,401)	$ 99,461

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.

7. DEFINED BENEFIT PENSION PLANS (Continued)

E. Actuarial Assumptions – SERS (Continued)

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, 2015, are presented below:

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

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

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

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

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

7. DEFINED BENEFIT PENSION PLANS (Continued)

F. Discount Rate

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

G. Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School's proportionate share of the net pension liability	$ 2,143,293	$ 1,545,673	$ 1,042,428

H. Actuarial Assumptions - STRS

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

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

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

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

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:

7. DEFINED BENEFIT PENSION PLANS (Continued)

H. Actuarial Assumptions – STRS (continued)

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
	100.00 %	

I. Discount Rate

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

J. Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School's proportionate share of the net pension liability	$ 14,033,634	$ 10,102,860	$ 6,778,804

8. POSTEMPLOYEMENT BENEFITS

A. School Employees Retirement System

Health Care Plan Description – TGS contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2016, SERS did not allocate any employer contributions to the Health Care fund. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2016, this amount was $23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 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.

The School's contributions for health care (including surcharge) for the fiscal years ended June 30, 2016, 2015, and 2014 were $1,133, $11,537, and $6,499, respectively. The full amount has been contributed for fiscal years 2016, 2015 and 2014.

B. State Teachers Retirement System

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

8. POSTEMPLOYEMENT BENEFITS (Continued)

B. State Teachers Retirement System (Continued)

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2016, STRS did not allocate any employer contributions to post-employment health care. The School's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were $0, $0, and $39,014, respectively. The full amount has been contributed for fiscal years 2016, 2015 and 2014.

9. CONTINGENCIES

A. Grants

TGS receives financial assistance from federal and state agencies in the form of grants. The disbursement 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 operating fund. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of TGS at June 30, 2016.

B. Full-Time Equivalency Reviews

School Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the school districts, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2016 and 2015 Foundation funding for the School; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the School.

10. PURCHASED SERVICES

For the period July 1, 2015 through June 30, 2016, purchased service expenses were payments for services rendered by various vendors, as follows:

Description	Amount
Professional and Technical Services	$347,556
Property Services	83,442
Travel Mileage/Meeting Expense	32,589
Communications	8,774
Utilities	34,828
Contracted Trade Services	60,863
Pupil Transportation Services	49,074
Total Purchased Services	$617,126

11. CAPITAL LEASES – LESSEE DISCLOSURE

In December 2011, TGS entered into a lease agreement with Modern Leasing for a copier. TGS' lease obligations met the criteria for a capital lease as defined by the Standards, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital assets of $70,094 were recorded, which represents the present value of the minimum lease payments at time of acquisition. Principal payments for fiscal year 2016 totaled $5,997 and interest payments totaled $2,243.

In October of 2015, TGS terminated the prior lease agreement and entered into a new lease agreement with Modern Leasing for a copier. TGS' lease obligations meets the criteria for a capital lease as defined by the Standards, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital assets of $100,670 have been recorded, which represents the present value of the minimum lease payments at time of acquisition. Principal payments for fiscal year 2016 totaled $7,976 and interest payments totaled $14,267. Net book value of the copier is $85,570 at June 30, 2016.

The following is a schedule of the future minimum payments required under the capital lease as of June 30, 2016.

Fiscal Year	Copier
2017	$ 33,365
2018	33,365
2019	33,365
2020	33,365
2021	11,121
Total minimum Lease Payments	144,581
Less: amount representing interest	(51,887)
Present value of minimum lease payments	$ 92,694

12. ACCOUNTS PAYABLE

Accounts payable consists of obligations at June 30, 2016 incurred during the normal course of conducting operations.

13. DEBT AND LONG-TERM OBLIGATIONS

The changes in TGS' long-term obligations during the year consist of the following:

	Principal Outstanding 6/30/2015	Additions	Reductions	Principal Outstanding 6/30/2016	Amounts Due Within one year
Dantomka, Lt. Note-c	$519,186	$ -	$ (20,439)	$ 498,747	$ 33,996
Dantomka, Lt. Note-d	791,603	-	(46,198)	745,405	58,159
Charles E Graham	2,127	-	(2,127)	-	-
Modern Leasing	29,179	100,670	(37,155)	92,694	14,363
Net Pension Liability - SERS	1,471,064	74,609	-	1,545,673	-
Net Pension Liability - STRS	8,433,564	1,669,296	-	10,102,860	-
Total Long-Term Liabilities	$11,246,723	$1,844,575	$ (105,919)	$12,985,379	$ 106,518

In December of 2011, TGS entered into a capital lease for copiers with Modern Leasing. The terms of the lease were for 60 months with a lease payment of $2,055 per month and an interest rate of 25%. In October of 2015, TGS terminated the lease agreement and entered into a new capital lease for 3 Lanier copiers with Modern Leasing. The terms of the new lease are for 60 months with a lease payment of $2,780 per month. The interest rate of the lease is 22%. Total payments for the copiers during fiscal year 2016 were $30,483 (see Note 11). The school also returned the old copier prior to the termination date, receiving a credit of $23,182 included above.

In November 2011, TGS entered into a new loan with Charles Graham in the amount of $65,960 for a 3 year term at an interest rate of 2.5% annually. Monthly payments on the note are $2,020. Total payments for the year ended June 30, 2016, were $2,127. The loan balance has been paid in full.

In November 2011, TGS entered into a new mortgage loan agreement with Dantomka, Ltd. in the amount of $542,224 (Note – C) for a 15 year term at an interest rate of 2.5% annually. Monthly payments on the note are $2,824. Total payments made at June 30, 2016, were $33,460, with principal of $20,439 and interest of $13,021.

In November 2011, TGS entered into a new mortgage loan agreement with Eileen Meers (Note – D) in the amount of $1,100,881 for a 15 year term at an interest rate of 2.5% annually. The loan was subsequently assigned to Dantomka, Ltd. Monthly payments on the note are $4,367 for years 1 and 2. Payments escalate up to $5,714 beginning in year 3 with a balloon payment of $210,933 due at the end of the term. Total payments made at June 30, 2016, were $66,219, of which $46,198 was principal and $20,021 was interest.

Effective April 8, 2003, Ohio Revised Code Section 3314.08 (J) (1) (b) was amended, in part, to permit facilities acquisition debt with a maturity not exceeding fifteen years. All current notes comply with this provision of the revised code.

13. DEBT AND LONG-TERM OBLIGATIONS (Continued)

The annual requirements to amortize all outstanding long-term debt (including capital leases) as of June 30, 2016, including interest are as follows:

	Principal	Interest	Total
2017	$ 106,518	$ 49,410	$ 155,928
2018	127,000	43,289	170,289
2019	134,135	36,155	170,290
2020	142,399	22,151	164,550
2021	129,504	18,492	147,996
2022-2026	697,290	39,456	736,746
Total	$1,336,846	$ 208,953	$1,545,799

14. RELATED PARTY TRANSACTION

Dantomka, Ltd. is a limited liability corporation, which is a general partner of DK Services. Eileen Meers, who serves as the Dean of Academics and is the developer of TGS, also serves as the president of DK Services and a general partner of Dantomka, Ltd. Note disclosure 13 details the terms and payment arrangements of the loans.

Charles E. Graham is a former board member and cousin to Eileen Meers who also has loans disclosed in note 13.

15. TAX EXEMPT STATUS

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

16. SPONSOR

On May 13, 2014, a sponsorship agreement was executed between TGS and the Educational Service Center of Central Ohio for a two (2) year period beginning July 1, 2014. In July 2014, the contract was extended for three years through June 2017. Under this agreement, TGS pays the Sponsor "up to" 3% of State Aid (see Note 2 G.). TGS sponsor fee expense at June 30, 2016 totaled $71,617.

17. BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Columbus Foundation holds in trust a money market account valued at $20,450 at June 30, 2016. The account is a designated fund which is to be used for the renovation of TGS' property. The investment is not held in TGS' name. In the event all assets are not required to renovate the property, any remaining assets may be used for its operating needs. TGS did not receive any principal or interest earnings from the fund in fiscal year 2016.

18. MANAGEMENT AGREEMENT WITH THE CHARLES SCHOOL (TCS)

Effective July 1, 2007, TGS entered into a two-year Management Agreement (the Agreement) with TCS. The Agreement's term ran through June 30, 2009 and was subsequently renewed on July 8, 2009 and modified on August 12, 2009 to cover the periods ending January 31, 2010 and December 31, 2010 respectively. On July 21, 2010, the TGS Board approved a modified agreement with TCS to commence July 1, 2010 through December 31, 2012, which further defined the roles of TGS and TCS in the agreement. In December 2012, the board approved the contract to continue to June 30, 2014. Since June of 2014, the Board has approved another one year renewal annually. Per the contract, TGS receives a base fee of three (3) percent up of TCS' federal and state awards. TGS also receives up to ninety-five (95) percent of TCS' federal and state awards, after a minimum of five (5) percent is spent by TCS to pay its direct expenses. TCS management fee expense for the fiscal year total $2,523,198, as reported in the Statement of Revenues, Expenses and Changes in Net Position. Of this fee, $2,161,644 was for general fund related fees and $361,554 was for grant related reimbursements.

19. MANAGEMENT AGREEMENT WITH GRAHAM EXPEDITIONARY MIDDLE SCHOOL (GEMS)

Effective July 1, 2015, GEMS entered into a one-year Management Agreement (the Agreement) with TGS. The Agreement's terms ran through June 30, 2016, and was subsequently renewed for an additional one-year term. Per the contract, TGS receives a base fee of three (3) percent of GEMS' federal and state awards. TGS also receives ninety-five (95) percent of GEMS' remaining revenues after GEMS pays its direct expenses. GEMS management fee expense for the fiscal year total $767,413, as reported in the Statement of Revenues, Expenses and Changes in Net Position. Of this fee, $662,617 was for general fund related fees and the remaining was for grant related reimbursements. Accounts Receivable due from TGS in the amount of $383,245 is listed on the Statement of Net Position as a result of overpayment made by the school.

20. MANAGEMENT AGREEMENT WITH GRAHAM PRIMARY SCHOOL (GPS)

Effective July 1, 2015, TGS entered into a one year Management Agreement (the Agreement) with GPS. The Agreement's terms ran through June 30, 2016. Per the contract, TGS receives a base fee of three (3) percent up of GEMS' federal and state awards. TGS also receives ninety-five (95) percent of GPS' remaining revenues after GPS pays its direct expenses. GPS management fee expense for the fiscal year total $1,510,183, as reported in the Statement of Revenues, Expenses and Changes in Net Position. Of this fee, $ 1,394,542 was for general fund related fees and the remaining was for grant related reimbursements.

21. CHANGE IN ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2016, the School has implemented Governmental Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurement and Application, GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments and GASB Statement No. 79, Certain External Investment Pools and Pool Participants.

21. CHANGE IN ACCOUNTING PRINCIPLES (continued)

GASB Statement No. 72 clarifies the definition of fair value for financial reporting purposes, establishes general principles for measuring fair value, provides additional fair value application guidance, and enhances disclosures about fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the School.

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68 as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also clarifies the application of certain provisions of GASB Statements 67 and 68. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the School.

GASB Statement No. 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the School.

GASB Statement No. 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all its investments at amortized cost for financial reporting purposes. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the School.

22. MANAGEMENT’S PLAN REGARDING ACCUMULATED DEFICIT

At June 30, 2016, TGS had ending net position of $(11,570,636), including the impact of GASB 68. Without the impact of GASB 68, the School’s net position is $(721,899). To address the issue of the deficit in net position, TGS is engaged in a variety of activities. There are weekly meetings held with the Dean of TGS to review expenses and reduce spending. TGS is also hiring a part time Budget Analyst to assist with financial planning. Enrollment sessions are held throughout the year at TGS and its affiliate schools to actively recruit and enroll students throughout the year. The increased enrollment from the affiliate schools will increase revenues to TGS to reduce the deficit. Lastly, TGS is active in fund raising and grant writing to help supplement its programs.

23. SUBSEQUENT EVENTS

Subsequent to year end, management contracts with TCS, GPS, and GEMS schools were renewed for an additional one-year period ending June 30, 2017.

THE GRAHAM SCHOOL
FRANKLIN COUNTY

Supplementary Information

Schedule of Management Company Expenses

For the year ended June 30, 2016, TGS incurred the following expenses on-behalf of TCS, GPS and GEMS:

Expenses	TCS	GEMS	GPS
Direct Expenses:			
Salaries & wages	$ 1,334,902	$ 637,304	$ 904,964
Employees' benefits	206,242	98,464	139,771
Indirect Expenses:			
Overhead	357,454	116,497	201,422
Total Expenses	$ 1,898,598	$ 852,265	$1,246,157

Management uses enterprise accounting to maintain its financial records during the fiscal year. Overhead charges are assigned to TCS, GPS and GEMS based on a percentage of full-time equivalent student enrollment. These charges represent the indirect cost of services provided in the operation of the School. Such services include, but are not limited to facilities management, equipment, operational support services, management and management consulting, board relations, human resources management, training and orientation, financial reporting and compliance, purchasing and procurement, education services, technology support and marketing and communications.

THE GRAHAM SCHOOL
Franklin County, Ohio
Required Supplementary Information
Schedule of the School's Proportionate Share of the Net Pension Liability
Last Three Fiscal Years (1)

	2015	2014	2013
State Teachers Retirement System (STRS)			
School's Proportion of the Net Pension Liability	0.03655546%	0.03467255%	0.03467255%
School's Proportionate Share of the Net Pension Liability	$ 10,102,860	$ 8,433,564	$ 10,046,006
School's Covered-Employee Payroll	$ 4,090,329	$ 3,811,400	$ 3,196,300
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	246.99%	221.27%	314.30%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.10%	74.70%	69.30%
School Employees Retirement System (SERS)			
School's Proportion of the Net Pension Liability	0.02708810%	0.02906700%	0.02906700%
School's Proportionate Share of the Net Pension Liability	$ 1,545,673	$ 1,471,064	$ 1,728,521
School's Covered-Employee Payroll	$ 1,117,489	$ 824,235	$ 944,566
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	138.32%	178.48%	183.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.16%	71.70%	65.52%

(1) Information prior to 2013 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date.

THE GRAHAM SCHOOL
Franklin County, Ohio
Required Supplementary Information
Schedule of School Contributions
Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
State Teachers Retirement System (STRS)										
Contractually Required Contribution	$ 559,452	$ 572,646	$ 495,482	$ 415,519	$ 260,618	$ 285,926	$ 200,224	$ 195,193	$ 144,298	$ 105,821
Contributions in Relation to the Contractually Required Contribution	(559,452)	(572,646)	(495,482)	(415,519)	(260,618)	(285,926)	(200,224)	(195,193)	(144,298)	(105,821)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
School's Covered-Employee Payroll	$ 3,996,086	$ 4,090,329	$ 3,811,400	$ 3,196,300	$ 2,004,754	$ 2,199,431	$ 1,540,185	$ 1,501,485	$ 1,109,985	$ 814,008
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%
School Employees Retirement System (SERS)										
Contractually Required Contribution	$ 140,880	$ 147,285	$ 114,239	$ 130,728	$ 125,002	$ 70,458	$ 104,577	$ 50,691	$ 55,137	n/a
Contributions in Relation to the Contractually Required Contribution	(140,880)	(147,285)	(114,239)	(130,728)	(125,002)	(70,458)	(104,577)	(50,691)	(55,137)	n/a
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	n/a
School's Covered-Employee Payroll	$ 1,006,286	$ 1,117,489	$ 824,235	$ 944,566	$ 929,383	$ 560,525	$ 772,356	$ 515,152	$ 561,477	n/a
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.18%	13.86%	13.84%	13.45%	12.57%	13.54%	9.84%	9.82%	n/a

n/a - Information prior to 2008 is not available.

February 21, 2017

To the Board of Directors
The Graham School
Franklin County, Ohio
3950 Indianola Avenue
Columbus, OH 43214

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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 Graham School, Franklin County, Ohio (the School) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, as well as the accompanying schedule of management company expenses presented as supplementary information, and have issued our report thereon dated February 21, 2017, in which we noted that the School has suffered recurring losses from operations and has a net position deficit of $11,570,636, including effect of net pension liability and related accruals totaling $10,848,737, that raises substantial doubt about its ability to continue as a going concern.

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 entity'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rea & Associates, Inc.

Dublin, Ohio

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THE GRAHAM SCHOOL

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JUNE 20, 2017

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