# QUAKER DIGITAL ACADEMY
# TUSCARAWAS COUNTY

## REGULAR AUDIT

## FOR THE YEAR ENDED JUNE 30, 2017

Dave Yost • Auditor of State

**QUAKER DIGITAL ACADEMY**
**TUSCARAWAS COUNTY**
**JUNE 30, 2017**

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## INDEPENDENT AUDITOR'S REPORT

Quaker Digital Academy
Tuscarawas County
248 Front Avenue, SW
New Philadelphia, Ohio 44663

To the Board of Directors:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the Quaker Digital Academy, Tuscarawas County, Ohio (the Academy), a component unit of the New Philadelphia City School District, Tuscarawas County, Ohio, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the Table of Contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for 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 Academy'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 Academy'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 the overall financial statement presentation.

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

***Opinion***

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

***Emphasis of Matter***

As discussed on Note 14 to the financial statements, the Academy's foundation funding is based on annualized full-time equivalent (FTE) enrollment of each student. During a FTE review for fiscal year 2016, the Ohio Department of Education (ODE) found the Academy had a FTE of zero. At the opinion date, the Academy had not yet completed the appeal process; therefore, a contingency has been disclosed. We did not modify our opinion regarding 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* and Schedules of Net Pension Liabilities and Pension Contributions listed in the Table of Contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2018, on our consideration of the Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 Academy's internal control over financial reporting and compliance.

Dave Yost

**Dave Yost**
Auditor of State
Columbus, Ohio

March 15, 2018

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

**Financial Highlights**

Key financial highlights for the 2017 fiscal year are as follows:

- Net position totaled $1,247,484, a decrease of $85,060 from fiscal year 2016.

- Total assets increased by $1,316,505 from fiscal year 2016 for total assets of $6,460,260 in fiscal year 2017, due mainly to the increase in cash from fiscal year 2016. The increase in cash was primarily due to Foundation payments and grants receipts increasing from fiscal year 2016 on a cash basis.

- Total current liabilities increased significantly from fiscal year 2016, primarily due to an increase in the intergovernmental payable related to a Full-Time Equivalency (FTE) adjustment for fiscal year 2017 Foundation funding.

- The decrease in revenues, primarily a decrease in Foundation payments revenue on an accrual basis, along with an increase in expenses, primarily due to increases in salaries and benefits, yielded a decrease in net position for fiscal year 2017. The decrease in Foundation payments was due to the full-time equivalency audit performed by the Ohio Department of Education (ODE), which resulted in adjustments to the FY2017 Foundation funding amount for the Academy. The increase in salaries and benefits was due to a base salary increase of 2.75 percent and an increase in pension expense.

**Using this Financial Report**

This annual report consists of a series of financial statements and notes to those statements. The 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 answer the question, "How did the Academy do financially during fiscal year 2017?" The statement of net position includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting which is similar to the accounting used by most companies in the private sector. This basis of accounting takes into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

The notes provide additional information that is essential to the data provided in the financial statements. These notes to the basic financial statements can be found on pages 13-31 of this report.

Table 1 provides a comparison of the Academy's net position for fiscal year 2017 compared to 2016 as follows:

**Table 1**
*Net Position*

| | 2017 | 2016 | Change |
|---|---|---|---|
| **Assets** | | | |
| Current and Other Assets | $5,920,806 | $4,559,004 | $1,361,802 |
| Capital Assets, Net | 539,454 | 584,751 | (45,297) |
| *Total Assets* | 6,460,260 | 5,143,755 | 1,316,505 |
| **Deferred Outflows of Resources** | | | |
| Pension | 1,202,656 | 500,212 | 702,444 |
| **Liabilities** | | | |
| Current and Other Liabilities | 1,370,927 | 183,625 | (1,187,302) |
| Long-Term Liabilities: | | | |
| Compensated Absences Payable | 4,944 | 3,698 | (1,246) |
| Net Pension Liability | 5,032,930 | 3,875,675 | (1,157,255) |
| *Total Liabilities* | 6,408,801 | 4,062,998 | (2,345,803) |
| **Deferred Inflows of Resources** | | | |
| Pension | 6,631 | 248,425 | 241,794 |
| **Net Position** | | | |
| Net Investment in Capital Assets | 539,454 | 584,751 | (45,297) |
| Restricted | 19,377 | 21,619 | (2,242) |
| Unrestricted | 688,653 | 726,174 | (37,521) |
| *Total Net Position* | $1,247,484 | $1,332,544 | ($85,060) |

The net pension liability (NPL) is the largest single liability reported by the Academy at June 30, 2017, and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27." For reasons discussed that follow, many end users of this financial statement will gain a clearer understanding of the Academy'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.

GASB 68 requires the net pension liability to equal the Academy'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 Academy 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 previously, 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 Academy'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.

Total assets increased by $1,316,505 from fiscal year 2016 for total assets of $6,460,260 in fiscal year 2017, due mainly to the increase in cash from fiscal year 2016. The increase in cash was primarily due to Foundation payments and grants receipts increasing from fiscal year 2016 on a cash basis.

For fiscal year 2017, total current liabilities of $1,370,927 consisted of accounts payable, accrued wages, intergovernmental payable, and compensated absences payable. Total current liabilities increased significantly from fiscal year 2016, primarily due to an increase in the intergovernmental payable related to a Full-Time Equivalency (FTE) adjustment for fiscal year 2017 Foundation funding.

Long-term liabilities also increased in fiscal year 2017 primarily due to an increase in the net pension liability. The net pension liability increase represents the Academy's proportionate share of the unfunded benefits of the SERS and STRS plans. As indicated previously, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability.

The net impact was a decrease in net position of $85,060 for fiscal year 2017.

Table 2 shows the changes in net position for fiscal year 2017 compared to fiscal year 2016.

**Table 2**
*Change in Net Position*

| | 2017 | 2016 | Change |
|---|---|---|---|
| **Revenues** | | | |
| Operating Revenues | $3,763,746 | $4,341,975 | ($578,229) |
| Non-Operating Revenues | 518,190 | 389,157 | 129,033 |
| Total Revenues | 4,281,936 | 4,731,132 | (449,196) |
| **Expenses** | | | |
| Operating Expenses | 4,327,119 | 3,992,898 | (334,221) |
| Non-Operating Expenses | 39,877 | 30,117 | (9,760) |
| Total Expenses | 4,366,996 | 4,023,015 | (343,981) |
| Change in Net Position | (85,060) | 708,117 | (793,177) |
| Net Position Beginning of Year | 1,332,544 | 624,427 | 708,117 |
| Net Position End of Year | $1,247,484 | $1,332,544 | ($85,060) |

The Academy's activity consists of enterprise activity. Community schools receive no support from taxes. The State Foundation Program and the Federal Title Grant Programs are, by far, the primary support for the Academy's students.

The decrease in revenues, primarily a decrease in Foundation payments on an accrual basis, along with an increase in expenses, primarily due to increases in salaries and benefits, yielded a decrease in net position for fiscal year 2017. The decrease in Foundation payments revenue was due to the full-time equivalency audit performed by ODE, which resulted in adjustments to the fiscal year 2017 Foundation funding amount for the Academy. The Academy has accrued a liability for the adjustment and is paying the liability through Foundation settlement deductions. The increase in salaries and benefits was due to a base salary increase of 2.75 percent and an increase in pension expense.

## For the Future

The Academy has taken on increasingly more of the administrative and fiscal services through the New Philadelphia City School District (the Sponsor). Costs are more effectively monitored. Management still must diligently plan expenses, staying carefully within the Academy's five-year plan.

The Academy has a service contract for fiscal year 2018 with its Sponsor. In agreement with the past contract, the Academy will purchase the following services from its Sponsor: personnel to administer and oversee the governance of the Academy, hourly staff to provide support services to the Academy, EMIS data transmission, insurance, and consulting. The total amount of these services will not exceed $425,000 for fiscal year 2018.

In addition, the Academy expects student enrollment for fiscal year 2018 to increase, and the Academy anticipates the student enrollment to continue growing in fiscal years after fiscal year 2018 until it reaches its ceiling. This growth will result in payments from the State School Foundation Program increasing substantially.

The Academy's management must plan carefully and prudently to provide the resources to meet student needs over the next several fiscal years.

**Contacting the Academy's Financial Management**

This financial report is designed to provide our citizens, investors and creditors with a general overview of the Academy's finances and to show the Academy's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Julie Erwin, Treasurer, at Quaker Digital Academy, 248 Front Avenue SW, New Philadelphia, Ohio 44663 or email at erwinj@npschools.org.

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# Quaker Digital Academy

*Statement of Net Position*
*June 30, 2017*

| | |
|---|---|
| **Assets** | |
| *Current Assets:* | |
| Equity in Pooled Cash and Cash Equivalents | $5,833,551 |
| Intergovernmental Receivable | 51,186 |
| Prepaid Items | 36,069 |
| *Total Current Assets* | 5,920,806 |
| *Non-Current Assets:* | |
| Depreciable Capital Assets, Net | 539,454 |
| *Total Assets* | 6,460,260 |
| **Deferred Outflows of Resources** | |
| Pension | 1,202,656 |
| **Liabilities** | |
| *Current Liabilities:* | |
| Accounts Payable | 25,879 |
| Accrued Wages | 46,862 |
| Intergovernmental Payable | 1,231,978 |
| Compensated Absences Payable | 66,208 |
| *Total Current Liabilities* | 1,370,927 |
| *Long-Term Liabilities:* | |
| Compensated Absences Payable | 4,944 |
| Net Pension Liability (See Note 10) | 5,032,930 |
| *Total Long-Term Liabilities* | 5,037,874 |
| *Total Liabilities* | 6,408,801 |
| **Deferred Inflows of Resources** | |
| Pension | 6,631 |
| **Net Position** | |
| Net Investment in Capital Assets | 539,454 |
| Restricted for Other Purposes | 19,377 |
| Unrestricted | 688,653 |
| *Total Net Position* | $1,247,484 |

See accompanying notes to the basic financial statements

## Quaker Digital Academy

*Statement of Revenues,*
*Expenses and Changes in Net Position*
*For the Fiscal Year Ended June 30, 2017*

| | |
|---|---|
| **Operating Revenues** | |
| Foundation Payments | $3,694,302 |
| Tuition | 14,250 |
| Miscellaneous | 55,194 |
| *Total Operating Revenues* | 3,763,746 |
| **Operating Expenses** | |
| Salaries and Benefits | 2,702,503 |
| Purchased Services | 1,374,908 |
| Supplies and Materials | 112,691 |
| Other | 37,749 |
| Depreciation | 99,268 |
| *Total Operating Expenses* | 4,327,119 |
| *Operating Loss* | (563,373) |
| **Non-Operating Revenues and Expenses** | |
| Grants | 508,195 |
| Investment Income | 7,995 |
| Contributions and Donations | 2,000 |
| Loss on the Disposal of Capital Assets | (39,877) |
| *Total Non-Operating Revenues and Expenses* | 478,313 |
| *Change in Net Position* | (85,060) |
| *Net Position Beginning of Year* | 1,332,544 |
| *Net Position End of Year* | $1,247,484 |

See accompanying notes to the basic financial statements

**Quaker Digital Academy**
*Statement of Cash Flows*
*For the Fiscal Year Ended June 30, 2017*

| | |
|---|---|
| **Increase (Decrease) in Cash and Cash Equivalents** | |
| **Cash Flows from Operating Activities** | |
| Cash Received from Foundation Payments | $4,856,856 |
| Cash Received for Tuition | 14,250 |
| Other Cash Receipts | 53,860 |
| Cash Payments to Employees for Services | (2,444,406) |
| Cash Payments for Goods and Services | (1,504,841) |
| Other Cash Payments | (37,110) |
| *Net Cash Provided by Operating Activities* | 938,609 |
| **Cash Flows from Noncapital Financing Activities** | |
| Grants Received | 515,095 |
| Contributions and Donations Received | 2,000 |
| *Net Cash Provided by Noncapital Financing Activities* | 517,095 |
| **Cash Flows from Capital and Related Financing Activities** | |
| Payments for Capital Acquisitions | (93,848) |
| **Cash Flows from Investing Activities** | |
| Interest on Investments | 7,995 |
| *Net Increase in Cash and Cash Equivalents* | 1,369,851 |
| *Cash and Cash Equivalents Beginning of Year* | 4,463,700 |
| *Cash and Cash Equivalents End of Year* | $5,833,551 |

| | |
|---|---|
| **Reconciliation of Operating Loss to Net Cash Provided by Operating Activities** | |
| Operating Loss | ($563,373) |
| Adjustments: | |
| Depreciation | 99,268 |
| Increase in Assets: | |
| Intergovernmental Receivable | (1,334) |
| Prepaid Items | (20,944) |
| Increase in Deferred Outflows of Resources - Pension | (702,444) |
| Increase (Decrease) in Liabilities: | |
| Accounts Payable | (1,744) |
| Accrued Wages | (3,301) |
| Intergovernmental Payable | 1,200,904 |
| Compensated Absences Payable | 16,116 |
| Net Pension Liability | 1,157,255 |
| Decrease in Deferred Inflows of Resources - Pension | (241,794) |
| *Net Cash Provided by Operating Activities* | $938,609 |

See accompanying notes to the basic financial statements

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## Note 1 – Description of the Academy and Reporting Entity

The Quaker Digital Academy (the Academy) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 1702 and 3314 to address the needs of students in kindergarten through the twelfth grade. The Academy is nonsectarian in its programs, admission policies, employment practices, and all other operations. The Academy may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the Academy. The Academy is considered a component unit of the New Philadelphia City School District (the Sponsor) for reporting purposes, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14 as amended by GASB Statement No. 38 and GASB Statement No. 61.

The Academy is designed for students who have a desire for, and whose education can be optimized by, a program of online instruction in an independent environment that does not include ancillary components of a more traditional education. Because the focus is on distance learning, the ability of students to learn independently in their own homes using an online educational program is an essential element of the Academy's program.

The Academy was approved for operation under contract with the Sponsor for a period of five years commencing July 1, 2003. The Academy began operations on January 15, 2004. The Sponsor renewed the contract for an additional five years on May 18, 2008, and again on December 17, 2012. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

The Academy operates under the direction of a five-member Board of Directors appointed by the Sponsor. The Board of Directors is responsible for carrying out 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.

A service contract for fiscal period of July 1, 2015, to June 30, 2018, between the Academy and the Sponsor was approved. In agreement with this contract, the Academy purchased the following services from the Sponsor: part-time personnel to administer and oversee the instruction and governance of the Academy, hourly staff to provide support to the Academy, and marketing support. The Academy paid the Sponsor $224,960 during fiscal year 2017 for these services. All personnel providing services to the Academy on behalf of the Sponsor under the service contract are considered employees of the Sponsor, and the Sponsor shall be solely responsible for all payroll functions.

All of the Academy's other personnel services, which provided services to over 800 students, were paid through the Academy's payroll during fiscal year 2017.

## Note 2 – Summary of Significant Accounting Policies

The financial statements of the Academy 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 the Academy's accounting policies.

***Basis of Presentation***

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

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

***Measurement Focus***

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

***Basis of Accounting***

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

***Revenues – Exchange and Non-exchange Transactions*** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

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

Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue.

***Expenditures/Expenses*** On the accrual basis of accounting, expenses are recognized at the time they are incurred.

***Budgetary Process***

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in the Ohio Revised Code Chapter 5705, unless specifically provided in the contract between the Academy and its Sponsor. The contract between the Academy and its Sponsor does not prescribe a budgetary process for the Academy; therefore, no budgetary information is presented in the basic financial statements.

***Operating Revenues and Expenses***

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

***Intergovernmental Revenues***

The Academy 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.

***Cash and Investments***

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the Academy are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

During fiscal year 2017, investments were limited to a repurchase agreement.

***Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 2017, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

***Capital Assets***

Capital assets are reported in the statement of net position.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at their acquisition values as of the date received. The Academy maintains a capitalization threshold of five hundred dollars. The Academy does not possess any infrastructure. 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 capitalized. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets, other than land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

| Description | Estimated Lives |
|---|---|
| Land Improvements | 40 years |
| Buildings and Improvements | 10-40 years |
| Furniture and Equipment | 5-20 years |
| Vehicles | 10 years |

***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 represents 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 Academy, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 10.

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 until that time. For the Academy, deferred inflows of resources related to pension are reported on the statement of net position (See Note 10).

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

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

***Compensated Absences***

The Academy reports compensated absences in accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences.” Vacation benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the Academy will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Academy has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees’ wage rates at fiscal year end, taking into consideration any limits specified in the Academy’s termination policy.

***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.

***Net Position***

Net position represents the difference between all other elements in a statement of financial position. Net investment 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 is reported as restricted when there are limitations imposed on its use through either external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Net position restricted for other purposes includes special education and educational improvements.

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

***Estimates***

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

## Note 3 – Change in Accounting Principle

For fiscal year 2017, the Academy implemented GASB's *Implementation Guide No. 2016-1*. These changes were incorporated in the Academy's fiscal year 2017 financial statements; however, there was no effect on beginning net position.

## Note 4 – Deposits and Investments

***Deposits***

At fiscal year end, the carrying amount of the Academy's deposits was ($29,489) and the bank balance was $5,649. The deficit carrying balance is covered by the Academy's investment in a repurchase agreement. The Federal Deposit Insurance Corporation (FDIC) covered the entire bank balance. There are no significant statutory restrictions regarding the deposit and investment of funds by the nonprofit corporation.

Custodial credit risk is the risk that, in the event of a bank failure, the Academy will not be able to recover deposits. The Academy has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Academy or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited in the financial institution whose market value at all times shall be at least one hundred and five percent of the deposits being secured. Effective July 1, 2017, the Ohio Pooled Collateral System (OPCS) was implemented by the Office of the Ohio Treasurer of State. Financial institutions can elect to participate in the OPCS and will collateralize at one hundred and two percent or a rate set by the Treasurer of State. Financial institutions opting not to participate in OPCS will collateralize utilizing the specific pledge method at one hundred and five percent.

***Investments***

As of June 30, 2017, the Academy had the following investment:

| Measurement/Investment | Measurement Amount | Maturity |
|---|---|---|
| Cost: | | |
| Repurchase Agreement | $5,863,040 | Daily |

***Interest Rate Risk*** Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Academy's investment policy addresses interest rate risk by requiring the Academy's investment portfolio to be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments. Repurchase agreements shall not exceed 30 days.

***Custodial Credit Risk*** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Academy will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The repurchase agreement is exposed to custodial credit risk in that it is uninsured, unregistered, and held by the counterparty. The Academy has no investment policy dealing with the investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

***Credit Risk*** The Academy has no investment policy dealing with investment credit risk beyond the requirement of State statute.

***Concentration of Credit Risk*** The Academy places no limit on the amount it may invest in any one issuer.

## Note 5 – Receivables

Receivables at June 30, 2017, consisted of intergovernmental grants and a rebate. All receivables are considered collectible in full due to the stable condition of State programs and the current fiscal year guarantee of Federal funds. All receivables are expected to be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

| Description | Amounts |
|---|---|
| Title I-A Improving Basic Programs Grant | $24,347 |
| IDEA-B Special Education Grant | 16,460 |
| Improving Teacher Quality Grant | 6,560 |
| Bureau of Worker's Compensation Rebate | 3,819 |
| Total | $51,186 |

## Note 6 – Capital Assets

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

| | Balance 6/30/16 | Additions | Reductions | Balance 6/30/17 |
|---|---|---|---|---|
| Capital Assets being depreciated: | | | | |
| Furniture and Equipment | $883,019 | $73,122 | ($82,659) | $873,482 |
| Vehicles | 73,121 | 20,726 | (24,400) | 69,447 |
| Total Capital Assets being depreciated | 956,140 | 93,848 | (107,059) | 942,929 |
| Accumulated Depreciation: | | | | |
| Furniture and Equipment | (341,709) | (92,120) | 52,136 | (381,693) |
| Vehicles | (29,680) | (7,148) | 15,046 | (21,782) |
| Total Accumulated Depreciation | (371,389) | (99,268) | 67,182 | (403,475) |
| Total Capital Assets, net | $584,751 | ($5,420) | ($39,877) | $539,454 |

## Note 7 – Risk Management

### *Property and Liability Insurance*

The Academy 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. During fiscal year 2017, the Academy purchased its own insurance for property, liability, and inland marine coverage.

| Type of Coverage | Deductible | Coverage |
|---|---|---|
| Building and Contents (Replacement Cost) | $1,000 | $156,000 |
| Electronic Data Processing | 1,000 | 533,000 |
| Automobile Liability | 250 - 500 | 1,000,000 |
| Uninsured Motorists | 0 | 1,000,000 |
| General Liability | | |
| Per Occurrence | N/A | 1,000,000 |
| Annual Limit | N/A | 3,000,000 |

Settled claims have not exceeded this coverage in any of the past three years. There was no significant reduction in insurance coverage from the prior year.

### *Employee Medical Benefits*

The New Philadelphia City School District (the School District), the sponsor for the Academy, is a member of the Portage Area School Consortium (the Consortium). The Consortium is a regional council of governments established pursuant to Chapter 167 of the Ohio Revised Code, consisting of various school districts in the Portage County Ohio area. The Consortium is a stand-alone entity, comprised of two stand-alone pools: the Portage Area School Consortium Property and Casualty Pool and the Portage Area Consortium Health and Welfare Insurance pool. These pools were established by the consortium on August 5, 1988, to provide property and casualty risk management services and risk sharing to its members. The pools were established as local government risk pools under Section 1744.081 of the Ohio Revised Code and are not subject to federal tax filing requirements.

Beginning July 1, 2009, the School District is a member of the Portage Area School Consortium Health and Welfare Insurance Pool (the Consortium), a shared risk pool, through which a cooperative Health Benefit Program was created for the benefit of its members. The Health Benefit Program (the Program) is an employee health benefit plan which covers the participating members' employees. The Consortium acts as a fiscal agent for the cash funds paid into the program by the participating school districts. These funds are pooled together for the purposes of paying health benefit claims of employees and their covered dependents, administrative expenses of the program and premiums for stop-loss insurance coverage. A reserve exists which is to cover any unpaid claims if the School District were to withdraw from the pool. If the reserve would not cover such claims, the School District would be liable for any costs above the reserve.

As of June 30, 2017, the Academy was contracted with the School District to provide health insurance benefits to its employees. The Academy paid $243,576 for health insurance benefits to the School District.

## Note 8 – Agreements with the Curriculum Service Providers

The Academy entered into agreements with the BYU, Rosetta Stone, Calvert, Plato/Edmentum, Odysseyware and Lincoln Learning/NNDS Management Foundation for the providing of curriculum, web based classes and textbook materials for the 2016-2017 school year.

All personnel providing services to the Academy from these service providers are considered employees of the service provider.

Payments are made to the provider based on the number of students enrolled in their programs. For the 2016-2017 school year the Academy paid $248,324 to Calvert, $11,156 to BYU, $26,087 to Rosetta Stone, $28,491 to Lincoln Learning/NNDS Management Foundation, $82,333 to Edmentum, and $146,565 to Odysseyware.

## Note 9 – Personnel Agreement

The Academy entered into a service contract for fiscal year 2017 with its Sponsor for the following services: personnel to administer and oversee the instruction and governance of the Academy, hourly personnel and staff to provide services and support to the Academy, marketing support, EMIS data transmission, insurance, and consulting. The total amount paid for these services was $224,960.

## Note 10 – Defined Benefit Pension Plans

***Net Pension Liability***

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

The net pension liability represents the Academy'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 Academy's obligation for this liability to annually required payments. The Academy cannot control benefit terms or the manner in which pensions are financed; however, the Academy 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 both the accrual and modified accrual bases of accounting.

***Plan Description – School Employees Retirement System (SERS)***

Plan Description – The Academy's 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:

| Benefit | 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<br>Age 57 with 30 years of service credit |
| Actuarially Reduced Benefits | Age 60 with 5 years of service credit<br>Age 55 with 25 years of service credit | Age 62 with 10 years of service credit; or<br>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 years of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a 3 percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

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

The Academy's contractually required contribution to SERS was $65,350 for fiscal year 2017. Of this amount $994 is reported as an intergovernmental payable.

***Plan Description – State Teachers Retirement System (STRS)***

Plan Description – The Academy's 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 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at www.strsoh.org.

New members have a choice of three retirement plans: a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 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 2 percent of the original base benefit. For members retiring August 1, 2013, or later, the first 2 percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with 5 years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be 5 years of service credit and age 65, or 35 years of service credit and at least age 60.

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, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member 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 service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2017, the employer rate was 14 percent and the plan members were also required to contribute 14 percent of covered salary. The statutory member contribution rate was increased one percent to 14 percent on July 1, 2016. The fiscal year 2017 contribution rates were equal to the statutory maximum rates.

The Academy's contractually required contribution to STRS was $199,636 for fiscal year 2017. Of this amount $53,300 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Academy's proportion of the net pension liability was based on the Academy's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

| | SERS | STRS | Total |
|---|---|---|---|
| Proportion of the Net Pension Liability Prior Measurement Date | 0.01369530% | 0.01119586% | |
| Proportion of the Net Pension Liability Current Measurement Date | 0.01354110% | 0.01207494% | |
| Change in Proportionate Share | -0.00015420% | 0.00087908% | |
| Proportionate Share of the Net Pension Liability | $991,084 | $4,041,846 | $5,032,930 |
| Pension Expense | $108,384 | $369,619 | $478,003 |

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

| | SERS | STRS | Total |
|---|---|---|---|
| **Deferred Outflows of Resources** | | | |
| Differences between expected and actual experience | $13,367 | $163,310 | $176,677 |
| Changes of assumptions | 66,160 | 0 | 66,160 |
| Net difference between projected and actual earnings on pension plan investments | 81,750 | 335,582 | 417,332 |
| Changes in proportionate share and difference between Academy contributions and proportionate share of contributions | 16,502 | 260,999 | 277,501 |
| Academy contributions subsequent to the measurement date | 65,350 | 199,636 | 264,986 |
| Total Deferred Outflows of Resources | $243,129 | $959,527 | $1,202,656 |
| **Deferred Inflows of Resources** | | | |
| Changes in proportionate share and difference between Academy contributions and proportionate share of contributions | $6,631 | $0 | $6,631 |

$264,986 reported as deferred outflows of resources related to pension resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| | SERS | STRS | Total |
|---|---|---|---|
| Fiscal Year Ending June 30: | | | |
| 2018 | $45,666 | $149,431 | $195,097 |
| 2019 | 45,608 | 149,431 | 195,039 |
| 2020 | 56,375 | 278,204 | 334,579 |
| 2021 | 23,499 | 182,825 | 206,324 |
| Total | $171,148 | $759,891 | $931,039 |

***Actuarial Assumptions – SERS***

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2016, compared with June 30, 2015, are presented as follows:

| Method | June 30, 2016 | June 30, 2015 |
|---|---|---|
| Wage Inflation | 3.00 percent | 3.25 percent |
| Future Salary Increases, including inflation | 3.50 percent to 18.20 percent | 4.00 percent to 22.00 percent |
| COLA or Ad Hoc COLA | 3 percent | 3 percent |
| Investment Rate of Return | 7.50 percent net of investments expense, including inflation | 7.75 percent net of investments expense, including inflation |
| Actuarial Cost Method | Entry Age Normal | Entry Age Normal |

For 2016, the mortality assumptions are that mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. For 2015, the mortality assumptions were based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term return expectation for the Pension Plan Investments has been determined by 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 an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes.

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

***Discount Rate*** The total pension liability was calculated using the discount rate of 7.50 percent. A discount rate of 7.75 percent was used in the prior measurement period. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

***Sensitivity of the Academy's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what the Academy's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

| | 1% Decrease (6.50%) | Current Discount Rate (7.50%) | 1% Increase (8.50%) |
|---|---|---|---|
| Academy's proportionate share of the net pension liability | $1,312,133 | $991,084 | $722,352 |

***Actuarial Assumptions – STRS***

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 2.75 percent |
| Salary increases | 12.25 percent at age 20 to 2.75 percent at age 70 |
| Investment Rate of Return | 7.75 percent, net of investment expenses, including inflation |
| 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 commences 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 no set back from age 90 and above.

Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

| Asset Class | Target Allocation | Long-Term Expected Rate of Return * |
|---|---|---|
| Domestic Equity | 31.00 % | 8.00 % |
| International Equity | 26.00 | 7.85 |
| Alternatives | 14.00 | 8.00 |
| Fixed Income | 18.00 | 3.75 |
| Real Estate | 10.00 | 6.75 |
| Liquidity Reserves | 1.00 | 3.00 |
| Total | 100.00 % | 7.61 % |

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

***Discount Rate*** The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described previously. 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 of future plan members, are excluded. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2016.

***Sensitivity of the Academy's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*** The following table presents the Academy'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 Academy'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%) |
|---|---|---|---|
| Academy's proportionate share of the net pension liability | $5,371,285 | $4,041,846 | $2,920,386 |

***Changes Between Measurement Date and Report Date***

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

## Note 11 – Postemployment Benefits

***School Employees Retirement System***

Health Care Plan Description – The Academy 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. SERS offers several types of health plans from various vendors, including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrator and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. 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. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2017, no allocation of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2017, this amount was $23,500. 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. For fiscal year 2017, the Academy's surcharge obligation was $7,310.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The Academy's contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were $7,310, $6,364, and $9,167, respectively. For fiscal year 2017, none has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2016 and 2015.

***State Teachers Retirement System***

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing multiple-employer defined benefit Health Plan administered 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 partial 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.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary 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. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For the fiscal years ended June 30, 2017, June 30, 2016, and June 30, 2015, STRS did not allocate any employer contributions to post-employment health care.

## Note 12 – Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from the Sponsor negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Administrators, full time permanent certified employees and full time permanent classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 260 days for certified staff and classified staff. Upon retirement, payment is made for one-fourth of the accrued, unused sick leave credit, up to a maximum of 65 days for certified employees and classified employees. Certified and classified staff can receive an additional 5 days of paid severance for early notice by submitting a letter of resignation prior to a specified date based on employee classification.

## Note 13 – Long-Term Obligations

The changes in the Academy's long-term obligations during fiscal year 2017 were as follows:

| | Amount Outstanding 06/30/16 | Additions | Reductions | Amount Outstanding 06/30/17 | Amount Due in One Year |
|---|---|---|---|---|---|
| Net Pension Liability: | | | | | |
| SERS | $781,467 | $209,617 | $0 | $991,084 | $0 |
| STRS | 3,094,208 | 947,638 | 0 | 4,041,846 | 0 |
| Total Net Pension Liability | 3,875,675 | 1,157,255 | 0 | 5,032,930 | 0 |
| Compensated Absences | 55,036 | 67,454 | (51,338) | 71,152 | 66,208 |
| *Total Long-Term Liabilities* | $3,930,711 | $1,224,709 | ($51,338) | $5,104,082 | $66,208 |

There is no repayment schedule for the net pension liability. For additional information related to the net pension liability, see Note 10.

## Note 14 – Contingencies

### *Grants*

The Academy received financial assistance from Federal and State agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, the effect of any such disallowed claims on the overall financial position of the Academy at June 30, 2017, if applicable, cannot be determined at this time.

### *Foundation Funding*

Academy 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 Revised 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 clawbacks of Foundation funding due to lack of evidence to support student participation and other matters of noncompliance. ODE performed such a review on the Academy for fiscal year 2017.

As of the date of this report, ODE adjustments for fiscal year 2017 have been finalized. The impact of the FTE adjustments on the fiscal year 2017 financial statements did result in a liability of the Academy.

In addition, the Academy's contracts with the Sponsor and with the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) require payment based on revenues received from the State. As discussed previously, FTE adjustments for fiscal year 2017 have been finalized. There is no impact on the fiscal year 2017 financial statements related to these contracts.

***Final Full-Time Equivalency (FTE) Determination***

On June 20, 2016, ODE completed a review of log-in and log-out records and non-classroom documentation, pursuant to Ohio Revised Code Section 3314.08(H). ODE determined that the Academy's FTE for the 2015-2016 school year was 0, which was 100 percent less than the 666.31 FTE reported. The final determination was based on the failure of the Academy to provide any records to ODE that documented duration time for internet-based and/or computer-based learning opportunities as well as non-classroom, non-computer-based learning opportunities. The Academy has appealed the determination to the State Board of Education. A hearing date has not yet been set. No adjustment to the FTE number (and funding) will be made until the Academy exhausts its appeal rights.

***Litigation***

As documented within the Final Full-Time Equivalency Determination note prior, the Academy is currently appealing the ODE finding of the FTE for the 2015-2016 school year of 0. A hearing date has not yet been set.

## Note 15 – Operating Leases

The Academy is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore the results of the lease agreements are not reflected in the Academy's basic financial statements. Total costs for such leases were $103,508 for fiscal year 2017. The following is a schedule by year of future minimum rental payments required under operating leases that have initial or remaining noncancellable lease terms as of June 30, 2017:

| Fiscal Year | Amount |
|---|---|
| 2018 | $91,408 |
| 2019 | 68,954 |
| 2020 | 62,000 |
| 2021 | 62,000 |
| 2022 | 62,000 |
| 2023-2025 | 149,833 |
| Total Minimum Payments Required | $496,195 |

## Note 16 – Jointly Governed Organization

Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) is a jointly governed organization created as a regional council of governments pursuant to State statutes. OME-RESA provides financial accounting services, an education management information system, cooperative purchase services and legal services to member districts. OME-RESA has eleven participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Jefferson, Muskingum, Monroe, Noble, and Tuscarawas counties. OME-RESA operates under the direction of a Board consisting of one representative from each of the participating school districts. The continued existence of OME-RESA is not dependent on the

Academy's continued participation and no equity interest exists. OME-RESA has no outstanding debt. During fiscal year 2017, the Academy paid $45,132 to OME-RESA for various services. To obtain financial information, write to the Ohio Mid-Eastern Regional Educational Service Agency, 2230 Sunset Boulevard Suite 2, Steubenville, Ohio 43952.

## Note 17 – Purchased Services

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

| | |
|---|---|
| Instruction | $675,438 |
| Professional and Technical Services | 533,403 |
| Lease | 107,972 |
| Utilities | 58,095 |
| Total | $1,374,908 |

**Quaker Digital Academy**
*Required Supplementary Information*
*Schedule of the Academy's Proportionate Share of the Net Pension Liability*
*School Employees Retirement System of Ohio*
*Last Four Fiscal Years (1) **

| | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|
| Academy's Proportion of the Net Pension Liability | 0.01354110% | 0.01369530% | 0.01314600% | 0.01314600% |
| Academy's Proportionate Share of the Net Pension Liability | $991,084 | $781,467 | $665,312 | $781,750 |
| Academy's Covered Payroll | $421,257 | $412,620 | $381,999 | $259,624 |
| Academy's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 235.27% | 189.39% | 174.17% | 301.11% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 62.98% | 69.16% | 71.70% | 65.52% |

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2014 is not available. An additional column will be added each year.

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

**Quaker Digital Academy**

*Required Supplementary Information*

*Schedule of the Academy's Proportionate Share of the Net Pension Liability*

*State Teachers Retirement System of Ohio*

*Last Four Fiscal Years (1) **

| | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|
| Academy's Proportion of the Net Pension Liability | 0.01207494% | 0.01119586% | 0.01082575% | 0.01082575% |
| Academy's Proportionate Share of the Net Pension Liability | $4,041,846 | $3,094,208 | $2,633,197 | $3,136,647 |
| Academy's Covered Payroll | $1,287,671 | $1,142,243 | $1,120,938 | $1,161,769 |
| Academy's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 313.89% | 270.89% | 234.91% | 269.99% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 66.80% | 72.10% | 74.70% | 69.30% |

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2014 is not available. An additional column will be added each year.

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

**Quaker Digital Academy**

*Required Supplementary Information*
*Schedule of the Academy's Contributions*
*School Employees Retirement System of Ohio*
*Last Eight Fiscal Years (1)*

| | 2017 | 2016 | 2015 |
|---|---|---|---|
| Contractually Required Contribution | $65,350 | $58,976 | $54,383 |
| Contributions in Relation to the Contractually Required Contribution | (65,350) | (58,976) | (54,383) |
| Contribution Deficiency (Excess) | $0 | $0 | $0 |
| Academy Covered Payroll | $466,786 | $421,257 | $412,620 |
| Contributions as a Percentage of Covered Payroll | 14.00% | 14.00% | 13.18% |

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2010 is not available. An additional column will be added each year.

| 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|
| $52,945 | $35,932 | $27,612 | $26,570 | $16,763 |
| (52,945) | (35,932) | (27,612) | (26,570) | (16,763) |
| $0 | $0 | $0 | $0 | $0 |
| $381,999 | $259,624 | $205,294 | $211,376 | $123,804 |
| 13.86% | 13.84% | 13.45% | 12.57% | 13.54% |

**Quaker Digital Academy**

*Required Supplementary Information*
*Schedule of the Academy's Contributions*
*State Teachers Retirement System of Ohio*
*Last Eight Fiscal Years (1)*

| | 2017 | 2016 | 2015 |
|---|---|---|---|
| Contractually Required Contribution | $199,636 | $180,274 | $159,914 |
| Contributions in Relation to the Contractually Required Contribution | (199,636) | (180,274) | (159,914) |
| Contribution Deficiency (Excess) | $0 | $0 | $0 |
| Academy Covered Payroll | $1,425,971 | $1,287,671 | $1,142,243 |
| Contributions as a Percentage of Covered Payroll | 14.00% | 14.00% | 14.00% |

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2010 is not available. An additional column will be added each year.

| 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|
| $145,722 | $151,030 | $100,134 | $80,060 | $59,520 |
| (145,722) | (151,030) | (100,134) | (80,060) | (59,520) |
| $0 | $0 | $0 | $0 | $0 |
| $1,120,938 | $1,161,769 | $770,262 | $615,846 | $457,846 |
| 13.00% | 13.00% | 13.00% | 13.00% | 13.00% |

**Changes in Assumptions – SERS**

Amounts reported for fiscal year 2017 incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2016 and prior are presented as follows:

| | Fiscal Year 2017 | Fiscal Year 2016 and Prior |
|---|---|---|
| Wage Inflation | 3.00 percent | 3.25 percent |
| Future Salary Increases, including inflation | 3.50 percent to 18.20 percent | 4.00 percent to 22.00 percent |
| Investment Rate of Return | 7.50 percent net of investments expense, including inflation | 7.75 percent net of investments expense, including inflation |

Amounts reported for fiscal year 2017 use mortality assumptions with mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

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

Quaker Digital Academy
Tuscarawas County
248 Front Avenue, SW
New Philadelphia, Ohio 44663

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the business-type activities of the Quaker Digital Academy, Tuscarawas County, Ohio, (the Academy), a component unit of the New Philadelphia City School District, Tuscarawas County, Ohio, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated March 15, 2018, wherein we noted the Academy is in the process of appealing the Ohio Department of Education's FTE review of zero for the year ended June 30, 2016 for the Academy.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Academy'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 Academy'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 Academy's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

***Compliance and Other Matters***

As part of reasonably assuring whether the Academy'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 Academy's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Academy's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

**Dave Yost**
Auditor of State
Columbus, Ohio

March 15, 2018

Richard J. Varrati, Ed.D., CEO
Steve Eckert, Principal

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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
## JUNE 30, 2017

| Finding Number | Finding Summary | Status | Additional Information |
|---|---|---|---|
| 2016-001 | **ODE performed a FTE review for the year ended 2016.** | Partially Corrected | New policy and procedures were adopted and initiated.<br><br>The FTE review is under appeal and is still open.<br><br>Procedures have been put into place to track FTE for each student for both online and offline education opportunities. |
| 2016-002 | **Curriculum provided is via an internet or other computer-based instructional method in order to comply with Ohio Rev. Code 3314.02(A)(7).** | Partially Corrected | ODE is permitting offline hours of education.<br><br>Also, Calvert is implementing online instruction. Calvert is an elementary program. Some students at the elementary level cannot manage online curriculum so Calvert allows an alternative to online but requires online testing. |
| 2016-003 | **All community schools are to remove students from their roster who are inactive for a period of twenty one days.** | Corrected | We have implemented new withdrawal procedures to make sure they are performed in a more timely manner. |
| 2016-004 | **The state board of education shall adopt rules for a statewide education management information system.** | Corrected | All enrolled students receive a computer within 10 days of enrollment or sign that they have their own computer. |

*The Freedom to Learn from Anywhere.*

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# Dave Yost • Auditor of State

**QUAKER DIGITAL ACADEMY**

**TUSCARAWAS COUNTY**

**CLERK'S CERTIFICATION**

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

Susan Babbitt

**CLERK OF THE BUREAU**

**CERTIFIED**
**MARCH 29, 2018**