GROVEPORT COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO

(AUDITED)

BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

DAN LAMB, TREASURER

Dave Yost · Auditor of State

Board of Directors
Groveport Community School
40 Hill Rd S
Pickerington, OH 43147

We have reviewed the *Independent Auditor's Report* of the Groveport Community School, Franklin County, prepared by Julian & Grube, Inc., for the audit period July 1, 2016 through June 30, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Dave Yost
Auditor of State

April 2, 2018

88 East Broad Street, Fifth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-4514 or 800-282-0370 Fax: 614-466-4490
www.ohioauditor.gov

This page intentionally left blank.

GROVEPORT COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO

TABLE OF CONTENTS

This page intentionally left blank.

Julian & Grube, Inc.
Serving Ohio Local Governments
333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

Groveport Community School
Franklin County
4485 S. Hamilton Road
Groveport, Ohio 43125

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Groveport Community School, Franklin County, Ohio, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Groveport Community School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Groveport Community School's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Groveport Community School's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of 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 Groveport Community School, Franklin County, Ohio as of June 30, 2017, and the changes in its financial position and its cash flows for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

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.

Supplementary Information

Our audit was conducted to opine on the Groveport Community School's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2017, on our consideration of the Groveport Community School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Groveport Community School's internal control over financial reporting and compliance.

Julian & Grube, Inc.

Julian & Grube, Inc.
December 27, 2017

GROVEPORT COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO

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

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

Financial Highlights

Key financial highlights for 2017 are as follows:

- Net position was a deficit of $6,140,935 at June 30, 2017.

- The School had operating revenues of $5,753,360, operating expenses of $7,072,276 and non-operating revenues and expenses of $1,307,136 and $15,540, respectively, for fiscal year 2017. The change in net position was a decrease of $27,320.

Using these Basic Financial Statements

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

Reporting the School's Financial Activities

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

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

These two statements report the School's *net position* and changes in net position. This change in net position is important because it tells the reader that, for the School as a whole, the *financial position* of the School has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. These statements can be found on pages 8 and 9 of this report.

The statement of cash flows provides information about how the School finances and meets the cash flow needs of its operations. The statement of cash flows can be found on page 10 of this report.

The table below provides a summary of the School's net position for fiscal year 2017 and 2016.

Net Position

	2017	2016
Assets		
Current assets	$ 215,470	$ 264,310
Capital assets, net	-	50
Total assets	215,470	264,360
Deferred outflows of resources	1,265,604	616,399
Liabilities		
Current liabilities	204,357	258,585
Non-current liabilities	6,995,637	6,234,775
Total liabilities	7,199,994	6,493,360
Deferred inflows of resources	422,015	501,014
Net Position		
Investment in capital assets	-	50
Unrestricted (deficit)	(6,140,935)	(6,113,665)
Total net position (deficit)	$ (6,140,935)	$ (6,113,615)

During fiscal year 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.

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

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2017, the School's net position totaled a deficit of $6,140,935 compared to a deficit of $6,113,615 at June 30, 2016.

Current assets represent cash and intergovernmental receivables. The School reported intergovernmental receivables for grants and entitlements at June 30, 2017 and 2016, in the amount of $196,194 and $240,228, respectively. As a result of the full-time equivalency reviews by the ODE at June 30, 2017, an intergovernmental receivable in the amount of $8,482 was reported. As a result of the full-time equivalency (FTE) review by the Ohio Department of Education (ODE) at June 30, 2016, accounts receivable was reported in the amount of $13,265 for State foundation that was overpaid to Imagine Schools, Inc. during fiscal year 2016.

Current liabilities represent the amounts due at fiscal year-end for professional services. Accounts payable of $5,513 was reported at June 30, 2017, for the amount of state foundation revenue due to Imagine Schools, Inc. and the Sponsor as a result of the FY17 FTE reviews. Included in intergovernmental payables reported at June 30, 2016, was an amount of $14,739 due to ODE as a result of the FTE review for fiscal year 2016. Long-term liabilities represents the amount due to Imagine Schools, Inc. at fiscal year-end for the Development Allocation fee and the net pension liability (see Notes 7 and 8 for detail). The School made principal payments of $14,460 on the Development Allocation fee during fiscal year 2017.

Capital assets consist of equipment. There is no debt related to these capital assets. Capital assets are used to provide services to the students and are not available for future spending.

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

Change in Net Position

	2017	2016
Operating Revenues:		
Sales	$ -	$ 27,222
State foundation	5,753,360	5,727,632
Total operating revenue	5,753,360	5,754,854
Operating Expenses:		
Purchased services	5,074,479	4,872,149
Operating lease payments	1,987,827	1,929,929
Other	9,920	9,386
Depreciation	50	105
Total operating expenses	7,072,276	6,811,569
Non-operating Revenues (Expenses):		
Federal and State grants	1,307,136	1,098,379
Interest expense	(15,540)	(16,975)
Total non-operating revenues	1,291,596	1,081,404
Change in net position	(27,320)	24,689
Net position (deficit) at beginning of year	(6,113,615)	(6,138,304)
Net position (deficit) at end of year	$ (6,140,935)	$ (6,113,615)

The revenue generated by a community school is almost entirely dependent on per-pupil allotment given by the State foundation and from Federal entitlement programs. State foundation revenue and expenses increased as student enrollment increased from 763 to 780 from fiscal year 2016 to 2017. Sales represent student lunch receipts. The School relies on State foundation revenues for operations, with 81.49 and 83.58 percent of total revenues coming from State foundation for fiscal year 2017 and 2016, respectively. The School received Federal grant monies through the Child Nutrition Breakfast and Lunch, Title I, Title III, Title VI-B and Title II-A programs. The School contracted with Imagine Schools, Inc. for management services for fiscal years 2017 and 2016 (see Note 12.B to the notes to the basic financial statements for detail).

Capital Assets

At June 30, 2017, the School's capital assets were fully depreciated. See Note 6 to the basic financial statements for detail on capital assets.

Debt

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

Restrictions and Other Limitations

The future stability of the School is not without challenges. The School does not receive any funds from taxes. The primary source of funding is the State foundation program. An economic slowdown in the State could result in budgetary cuts to education, which would have a negative impact on the School.

Current Financial Related Activities

The School is sponsored by St. Aloysius. The School is reliant upon State Foundation monies and Federal Sub-Grants to offer quality, educational services to students.

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

Contacting the School's Financial Management

This financial report is designed to provide our clients and creditors with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Dan Lamb, Treasurer, Charter School Specialists, 4485 S. Hamilton Rd., Groveport, Ohio 43125.

This page intentionally left blank.

BASIC
FINANCIAL STATEMENTS

GROVEPORT COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO

STATEMENT OF NET POSITION
JUNE 30, 2017

Assets:	
Current assets:	
Cash	$ 10,794
Receivables:	
Intergovernmental	204,676
Total assets	215,470
Deferred outflows of resources:	
Pension - STRS	1,067,625
Pension - SERS	197,979
Total deferred outflows of resources	1,265,604
Liabilities:	
Current liabilities:	
Accounts payable	204,357
Total current liabilities	204,357
Long-term liabilities:	
Due within one year	16,053
Due in more than one year	123,990
Net pension liability	6,855,594
Total long-term liabilities	6,995,637
Total liabilities	7,199,994
Deferred inflows of resources:	
Pension - STRS	255,590
Pension - SERS	166,425
Total deferred inflows of resources	422,015
Net position:	
Unrestricted (deficit)	(6,140,935)
Total net position (deficit)	$ (6,140,935)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

GROVEPORT COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO

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

Operating revenues:	
State foundation	$ 5,753,360
Total operating revenues	5,753,360
Operating expenses:	
Purchased services	5,074,479
Operating lease payments	1,987,827
Other	9,920
Depreciation	50
Total operating expenses	7,072,276
Operating loss	(1,318,916)
Non-operating revenues (expenses):	
Federal and State grants	1,307,136
Interest expense	(15,540)
Total non-operating revenues (expenses)	1,291,596
Change in net position	(27,320)
Net position (deficit) at beginning of year	(6,113,615)
Net position (deficit) at end of year	$ (6,140,935)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

GROVEPORT COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO

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

Cash flows from operating activities:	
Cash received from State foundation.	$ 5,730,139
Cash payments for purchased services	(5,053,585)
Cash payments for operating lease	(1,987,827)
Cash payments for other expenses	(9,920)
Net cash used in operating activities	(1,321,193)
Cash flows from noncapital financing activities:	
Cash received from Federal and State grants.	1,351,170
Principal retirement	(14,460)
Interest expense.	(15,540)
Net cash provided by noncapital financing activities.	1,321,170
Net decrease in cash	(23)
Cash at beginning of year	10,817
Cash at end of year.	$ 10,794
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss.	$ (1,318,916)
Adjustments:	
Depreciation	50
Changes in assets, deferred outflows, liabilities, and deferred inflows:	
Decrease in accounts receivable	13,265
(Increase) in intergovernmental receivable.	(8,482)
(Increase) in deferred outflows - pensions	(649,205)
(Decrease) in accounts payable	(39,489)
(Decrease) in intergovernmental payable	(14,739)
Increase in net pension liability.	775,322
(Decrease) in deferred inflows - pensions.	(78,999)
Net cash used in operating activities.	$ (1,321,193)

The School reported intergovernmental receivables in the amount of $196,194 and $240,228 at June 30, 2017 and June 30, 2016, respectively, as non-operating grants.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE SCHOOL

The Groveport Community School (the "School") is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The School specializes in providing educational services to establish a new start-up school in Groveport-Madison City School District addressing the needs of students in grades K-8. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School.

The School was approved under contract with St. Aloysius (the "Sponsor") commencing on March 15, 2006 and ending on June 30, 2010, followed by a one year renewal ending June 30, 2011. On June 30, 2011, the contract with the Sponsor was renewed for a term of four years through June 30, 2015. On June 23, 2015, the contract was renewed for automatic one year terms effective July 1, 2015 through June 30, 2020. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration.

The School operates under the direction of the Board of Directors which shall consist of not less than five members. The Board of Directors 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 qualification of teachers. The Board of Directors controls the School's intructional/support facility staffed by employees of the management company who provide services to 780 students.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The School's basic financial statements consist of a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows. The School uses a single enterprise presentation. Enterprise reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows.

B. Measurement Focus

Enterprise activity is accounted for using a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the School are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position. The statement of cash flows reflects how the School finances meet its cash flow needs.

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

C. Basis of Accounting

Basis of accounting determines when transactions are recognized in the financial records and reported on the financial statements. The School's financial statements are prepared using the accrual basis of accounting. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Revenue resulting from non-exchange transactions, in which the School receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the period in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the period when the resources are required to be used or the period when use is first permitted, matching requirements, in which the School must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. Expenses are recognized at the time they are incurred.

D. Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the government-wide statement of net position will 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) until then. For the School, see Note 8 for deferred outflows of resources related to the School's net pension liability.

In addition to liabilities, the statement of net position will 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. For the School, see Note 8 for deferred inflows of resources related to the School's net pension liability.

E. Budgetary Process

The contract between the School and its Sponsor prescribes an annual budget requirement in addition to preparing a 5-year forecast, which is to be updated on an annual basis. Each year, the School Governing Board, with the assistance of the School's designated fiscal officer, is required to adopt an annual budget by the thirty-first day of October using the format and following the guidelines prescribed by the Ohio Department of Education. Chapter 5705.39 of the Ohio Revised Code also requires the School to prepare a 5-year forecast, update it annually and submit it to the Superintendent of Public Instruction at the Ohio Department of Education (ODE).

F. Cash

Cash received by the School is reflected as "cash" on the statement of net position. Unless otherwise noted, all monies received by the School are pooled and deposited in a central bank account as demand deposits. The School did not have any investments during fiscal year 2017.

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

G. Capital Assets

Capital assets are capitalized at cost or estimated historical cost and updated for additions and deletions during the fiscal year. The School's capitalization threshold was established at $5,000 through May 26, 2009. Assets purchased on or after May 27, 2009 with a value over $1,000 will be capitalized. The School does not have any infrastructure. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All capital assets are depreciated. Depreciation is computed using the straight-line method. Computer equipment is depreciated over three years and other equipment is depreciated over five years.

H. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The net position component "investment in capital assets" consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

I. Intergovernmental Revenues

The School currently participates in the State Foundation, Special Education, Targeted Assistance, K-3 Literacy, Limited English Proficiency, Facilities, and Economic Disadvantaged Programs. Revenue received from these programs is recognized as operating revenues. Amounts awarded under these programs for the 2017 school year totaled $5,753,360.

Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. Eligibility includes timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. Federal and State grant revenue received during fiscal year 2017 was $1,307,136.

J. Operating Revenues and Expenses

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

K. Accrued Liabilities and Long-Term Obligations

All payables and other accrued liabilities are reported on the statement of net position.

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

L. 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.

M. Estimates

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

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES

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

GASB Statement No. 77 requires governments that enter into tax abatement agreements to disclose certain information about the agreement. GASB Statement No. 77 also requires disclosures related to tax abatement agreements that have been entered into by other governments that reduce the reporting government's tax revenues. The implementation of GASB Statement No. 77 did not have an effect on the financial statements of the School.

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

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

GASB Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 did not have an effect on the financial statements of the School.

NOTE 4 - DEPOSITS

Custodial credit risk is the risk that, in the event of bank failure, the School's deposits may not be returned. The School does not have a deposit policy for custodial credit risk. At June 30, 2017, the carrying amount of the School's deposits and the bank balance was $10,794. The entire bank balance was covered by the Federal Deposit Insurance Corporation (FDIC). There are no significant statutory restrictions regarding the deposit and investment of funds by the non-profit corporation.

NOTE 5 - RECEIVABLES/PAYABLES

Receivables at June 30, 2017, consisted of intergovernmental receivables arising from amounts due from other governments and grants and entitlements. All receivables are considered collectible in full. A summary of the intergovernmental receivables follows:

Intergovernmental receivables:	Amount
ODE - enrollment and FTE adjustment	$ 8,482
Title VI-B	26,844
Title I	154,243
Title II-A	13,824
Title III	1,283
Total intergovernmental receivables	$ 204,676

Under the terms of the operating contract with Imagine Schools, Inc. (See Note 12.B for detail), the School has recorded accounts payable to Imagine Schools, Inc. in the amount of $196,194 for 100 percent of any State and Federal grant monies uncollected or unpaid as of June 30, 2017 and $5,513 for 65 percent of the amount of the Ohio Department of Education (ODE) enrollment and full-time equivalency (FTE) adjustment at June 30, 2017 due to Imagine Schools, Inc. and the Sponsor.

NOTE 6 - CAPITAL ASSETS

Capital asset activity for fiscal year 2017 was as follows:

	Balance June 30, 2016	Additions	Disposals	Balance June 30, 2017
Furniture and equipment	$ 33,015	$ -	$ -	$ 33,015
Less: accumulated depreciation	(32,965)	(50)	-	(33,015)
Capital assets, net	$ 50	$ (50)	$ -	$ -

GROVEPORT COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO

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

NOTE 7 - LONG-TERM LIABILITIES

During fiscal year 2017, the following activity occurred in the School's long-term obligations.

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017	Amounts Due in One Year
Net pension liability:					
STRS	$ 5,285,441	$ 837,704	$ -	$ 6,123,145	$ -
SERS	794,831	-	(62,382)	732,449	-
Total net pension liability	6,080,272	837,704	(62,382)	6,855,594	-
Development allocation fee payable	154,503	-	(14,460)	140,043	16,053
Total long-term obligations	$ 6,234,775	$ 837,704	$ (76,842)	$ 6,995,637	$ 16,053

Net Pension Liability: See Note 8 for information on the School's net pension liability.

Development Allocation Fee Payable - On May 1, 2009, Imagine Schools, Inc. amended the operating agreement with the School. The purpose of this amendment was to amend the $250,000 Development Allocation fee for the performance of development services by Imagine Schools, Inc. and replace it with a $2,500 per month Development Allocation fee commencing March 1, 2009 at an interest rate of 10.50% and maturing on October 31, 2023. At any time during the contract the School may elect to prepay the balance of the Development Allocation fee.

The School made $14,460 and $15,540 in principal and interest payments, respectively, on the balance of the Development Allocation fee during 2017. A long-term liability has been reported on the basic financial statements.

The following is a summary of the future debt requirements to maturity for the Development Allocation fee:

Fiscal Year Ending,	Principal	Interest	Total
2018	$ 16,053	$ 13,947	$ 30,000
2019	17,822	12,178	30,000
2020	19,787	10,213	30,000
2021	21,967	8,033	30,000
2022	24,388	5,612	30,000
2023 - 2024	40,026	3,280	43,306
Total	$ 140,043	$ 53,263	$ 193,306

NOTE 8 - DEFINED BENEFIT PENSION PLANS

The School has contracted with Imagine Schools, Inc. (See Note 12.B) to provide employee services and to pay those employees. However, these contract services do not relieve the School of the obligation for remitting pension contributions. The retirement systems consider the School as the Employer-of-Record and the School ultimately responsible for remitting retirement contributions to the systems noted below.

Net Pension Liability

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

The net pension liability represents the School's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

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

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

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting.

Plan Description - School Employees Retirement System (SERS)

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

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

Age and service requirements for retirement are as follows:

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

The School's contractually required contribution to SERS was $45,185 for fiscal year 2017.

Plan Description - State Teachers Retirement System (STRS)

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

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2017, plan members were required to contribute 14 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 2017 contribution rates were equal to the statutory maximum rates.

The School’s contractually required contribution to STRS was $311,835 for fiscal year 2017.

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 School's proportion of the net pension liability was based on the School's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.01392950%	0.01912446%	
Proportion of the net pension liability current measurement date	0.01000740%	0.01829278%	
Change in proportionate share	-0.00392210%	-0.00083168%	
Proportionate share of the net pension liability	$ 732,449	$ 6,123,145	$ 6,855,594
Pension expense	$ 38,137	$ 366,001	$ 404,138

At June 30, 2017, the School 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	$ 9,878	$ 247,404	$ 257,282
Net difference between projected and actual earnings on pension plan investments	60,415	508,386	568,801
Changes of assumptions	48,895	-	48,895
Difference between School contributions and proportionate share of contributions/ change in proportionate share	33,606	-	33,606
School contributions subsequent to the measurement date	45,185	311,835	357,020
Total deferred outflows of resources	$ 197,979	$ 1,067,625	$ 1,265,604
Deferred inflows of resources			
Difference between School contributions and proportionate share of contributions/ change in proportionate share	$ 166,425	$ 255,590	$ 422,015
Total deferred inflows of resources	$ 166,425	$ 255,590	$ 422,015

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

$357,020 reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 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	$ (15,583)	$ 50,194	$ 34,611
2019	(15,629)	50,195	34,566
2020	213	245,277	245,490
2021	17,367	154,535	171,902
Total	$ (13,632)	$ 500,201	$ 486,569

Actuarial Assumptions - SERS

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

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

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

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

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (level percent of payroll)

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an experience study that was completed June 30, 2015. As a result of the actuarial experience study, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates and (g) mortality among disable member was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 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 7.50 percent, as well as what each plan’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School's proportionate share of the net pension liability	$ 969,717	$ 732,449	$ 533,846

Actuarial Assumptions - STRS

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

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

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

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

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

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (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
Total	100.00 %	7.61 %

* 10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.50% 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 above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2016.

Sensitivity of 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	$ 8,137,162	$ 6,123,145	$ 4,424,203

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 School's NPL is expected to be significant.

NOTE 9 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Health Care Plan Description - Imagine Schools, Inc. on behalf of the School, 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, 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 2017, none of the employer contribution was allocated to health care. 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 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 School's surcharge obligation was $873.

The School's contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were $873, $4,762, and $6,858, respectively. The full amount has been contributed for fiscal years 2017, 2016 and 2015.

NOTE 9 - POSTEMPLOYMENT BENEFITS - (Continued)

B. State Teachers Retirement System

Plan Description – Imagine Schools, Inc. on behalf of the School, 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.

Funding Policy - Ohio law 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 Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2017, STRS Ohio did not allocate any employer contributions to the Health Care Stabilization Fund. The School did not make any contributions for health care for the fiscal years ended June 30, 2017, 2016 and 2015.

NOTE 10 - RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2017, the School maintained the following coverage: general liability, automobile liability, excess/umbrella liability, building liability, crime liability, personal property liability and business income liability through Philadelphia Indemnity Insurance Co.; directors and officers liability through National Union Fire Insurance Co.; and workers compensation and employers' liability through Charter Oak Fire Insurance Co.

Coverage	Limits of Coverage
General liability:	
Each occurrence	$ 1,000,000
General aggregate	3,000,000
Medical expenses	10,000
Personal & advertising injury	1,000,000
Damages to rented premises, per occurrence	100,000
Products - aggregate	3,000,000
Automobile liability:	
Combined single limit - each accident	1,000,000
Excess/umbrella liability:	
Each occurrence	15,000,000
Aggregate	15,000,000
Retention	10,000
Crime liability	1,000,000
Directors and officers liability	3,000,000

NOTE 10 - RISK MANAGEMENT - (Continued)

Coverage – (Continued)	Limits of Coverage
Workers' compensation and employers' liability:	
Each accident	$1,000,000
Disease - each employee	1,000,000
Disease - policy limit	1,000,000
Additional liability:	
Personal property limit	650,000
Deductible	5,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a reduction in coverage from prior year.

NOTE 11 - PURCHASED SERVICES

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

Purchased services expenses:	
Management fees	$ 4,848,230
Sponsorship fees	167,380
Legal	21,335
Professional and fiscal services	37,534
Total	$ 5,074,479

NOTE 12 - CONTRACTS

A. Sponsor Contract

The School entered into a contract commencing on March 15, 2006 and continuing through June 30, 2010 with St. Aloysius (the "Sponsor") for its establishment. On June 23, 2010 the contract was renewed commencing on July 1, 2010 and ending on June 30, 2011. On June 30, 2011, the contract was renewed for a term of four years through June 30, 2015. On June 23, 2015, the contract was renewed for automatic one year terms effective July 1, 2015 through June 30, 2020. The Sponsor shall carry out the responsibilities established by law, including:

- Monitor the School's compliance with the Contract with the Sponsor and the laws applicable to the School.

- Monitor and evaluate the academic, fiscal, and organizational performance of the School on at least an annual basis, and evaluate the academics of the School for a period of at least three school years and provide the results of students enrolled at the School.

- Provide reasonable technical assistance to the School.

NOTE 12 - CONTRACTS - (Continued)

- As permitted by law, intervene in the School's operation to correct problems in the School's overall performance, declare the School to be on probationary status pursuant to Ohio Revised Code Section 3314.073, suspend operation of the School pursuant to Ohio Revised Code Section 3314.072, or terminate or non-renew this contract pursuant to Ohio Revised Code Section 3314.07, as determined necessary by the Sponsor.

- Establish and/or require a plan of action to be undertaken if the School experiences financial difficulties or losses before the end of the school year.

The School paid the Sponsor $167,380 for services during fiscal year 2017.

B. Management Contract

The School entered into a management contract with Imagine Schools, Inc. for management consulting services. Imagine Schools, Inc. is required to provide the following services:

- Personnel & human resources administration
- Program of instruction
- Purchasing & contracts
- Budgeting, financial reporting and audit preparation
- Compliance issues
- Curriculum research and development
- Marketing and publicity
- Equipment and facilities
- Grant preparation and management

For the services listed above, the School is required to pay a fee to Imagine Schools, Inc. The fee is equal to approximately 90 percent of the total per pupil allowance received from the State of Ohio and 100 percent of State and/or Federal grant funds received by the School for the creation and operation of its school. Payments to Imagine Schools, Inc. amounted to $4,848,230 during fiscal year 2017.

C. Service Contract

The School entered into a service contract for a period of twenty-four months, commencing on July 1, 2016 and ending on June 30, 2017, with Charter School Specialists, LLC (CSS), to provide fiscal and Comprehensive Continuous Planning consulting services. The School paid CSS $31,034 during fiscal year 2017 for these services.

NOTE 13 - MANAGEMENT COMPANY EXPENSES

For the fiscal year ended June 30, 2017, Imagine Schools, Inc. and its affiliates incurred the following expenses, which are reported on the cash-basis, on behalf of the School:

Direct Expenses:	
Salaries and wages	
Instruction	$ 1,690,830
Support services	160,962
Administrative services	476,564
Fiscal/business services	29,544
Operations and maintenance	103,495
Employees' benefits	
Instruction	667,646
Support services	4,446
Administrative services	101,405
Fiscal/business services	1,488
Operations and maintenance	7,780
Purchased services	
Instruction	190,536
Support services	11,044
Administrative services	126,518
Fiscal/business services	13,521
Operations and maintenance	221,869
Support/food services	478,181
Supplies and materials	
Instruction	22,647
Support services	1,319
Administrative services	8,372
Operations and maintenance	23,620
Support/food services	
Capital outlay	
Instruction	50,483
Other direct costs	
Instruction	341,670
Administrative services	374,477
Fiscal/business services	10,267
Operations and maintenance	522
Total expenses	$ 5,119,206

Overhead charges are assigned to the School based on a percentage of revenue. These charges represent the indirect cost of services in the operation of the School. These charges represent the indirect cost of services 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.

NOTE 14 - OPERATING LEASES

The School entered into a lease agreement on August 1, 2006, with Schoolhouse Finance, LLC to lease classroom space for the School. The term of the lease commenced August 15, 2006, and shall continue through June 30, 2021. Thereafter the lease shall automatically renew for up to two consecutive five year terms, unless written notice of intent not to extend is delivered by either party at least one hundred eighty days prior to the end of the initial term or the first renewal term. The School shall pay to Schoolhouse Finance, LLC $439,769 in annual base rent payable in advance in monthly installments of one-twelfth each on the fifth day of each month of the term. The lease was amended effective July 1, 2008 to reflect the lessor’s total cost of completion of phase II improvements to the premises. The School shall pay to Schoolhouse Finance, LLC $752,362 in annual base rent with the conditions for the remainder of the term to continue in effect.

The School entered into a lease agreement on October 10, 2008, with Schoolhouse Finance, LLC to lease additional classroom space for the School. The term of the lease commenced October 1, 2008, and shall continue through June 30, 2023. Thereafter the lease shall automatically extend for up to two additional five year terms, unless written notice of intent not to extend is delivered by either party at least one hundred eighty days prior to the then current lease term. The School shall pay to Schoolhouse Finance, LLC $678,468 in annual base rent payable in advance in monthly installments of one-twelfth each on the fifteenth day of each month of the term. The base rent shall escalate annually on July 1 at a rate equal to the greater of the increase in the overall Consumer Price Index All-Urban Consumers, all items less food and energy, and three percent. The lease was amended effective October 1, 2010 to reflect the lessor’s total cost of completion of improvements to the premises. The School shall pay to Schoolhouse Finance, LLC $866,602 in annual base rent with the conditions for the remainder of the term to continue in effect.

NOTE 15 - CONTINGENCIES

A. Grants

The School received financial assistance from Federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School at June 30, 2017.

B. State Foundation Funding

School foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. However, there is an important nexus between attendance and enrollment for Foundation funding purposes. Community schools must provide documentation that clearly demonstrates students have participated in learning opportunities. The 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.

NOTE 15 - CONTINGENCIES - (Continued)

Under Ohio Rev. Code Section 3314.08, ODE may also perform a FTE Review subsequent to the fiscal year end that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance. ODE performed such a review on the School for fiscal year 2017.

As of the date of this report, additional ODE adjustments for fiscal year 2017 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2017 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the School.

In addition, the School's contracts with St. Aloysius and Imagine Schools, Inc. require payment based on revenues received from the State. As discussed above, additional FTE adjustments for fiscal year 2017 are not finalized. Until such adjustments are finalized by ODE, the impact on the fiscal year 2017 financial statements, related to additional reconciliation necessary with these contracts, is not determinable. Management believes this may result in either an additional receivable to, or liability of, the School.

C. Litigation

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

NOTE 16 - FEDERAL TAX STATUS

The School was approved under § 501(c)(3) of the Internal Revenue Code as a tax exempt organization on June 25, 2009. Management is not aware of any course of action or series of events that might adversely affect the School's tax exempt status.

NOTE 17 - MANAGEMENT PLAN

The School had a decrease in net position of $27,320 during fiscal year 2017 and a deficit net position of $6,140,935 at June 30, 2017. As further discussed in Note 7 the School had a long-term obligation payable of $140,043 to Imagine Schools, Inc. and a $6,855,594 net pension liability outstanding at June 30, 2017. Management intends to reduce the deficit by increasing enrollment and improving operating efficiencies, in addition to paying down the Development Allocation Fee. The net pension liability and related deferred outflows of resources and deferred inflows of resources are required to be reported in accordance with GASB Statements No. 68 and 71, as described in Note 8.

NOTE 18 - RELATED PARTY TRANSACTIONS

Imagine Schools, Inc. and Schoolhouse Finance, LLC are both subsidiaries of Imagine Schools Non-Profit, Inc.

THIS PAGE IS INTENTIONALLY LEFT BLANK

REQUIRED SUPPLEMENTARY INFORMATION

GROVEPORT COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR FISCAL YEARS (1)

	2017	2016	2015	2014
School's proportion of the net pension liability	0.01000740%	0.01392950%	0.01264200%	0.01264200%
School's proportionate share of the net pension liability	$ 732,449	$ 794,831	$ 639,804	$ 751,779
School's covered payroll	$ 310,793	$ 419,347	$ 374,495	$ 360,853
School's proportionate share of the net pension liability as a percentage of its covered payroll	235.67%	189.54%	170.84%	208.33%
Plan fiduciary net position as a percentage of the total pension liability	62.98%	69.16%	71.70%	65.52%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

GROVEPORT COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR FISCAL YEARS (1)

	2017	2016	2015	2014
School's proportion of the net pension liability	0.01829278%	0.01912446%	0.01951956%	0.01951956%
School's proportionate share of the net pension liability	$ 6,123,145	$ 5,285,441	$ 4,747,833	$ 5,655,587
School's covered payroll	$ 1,924,750	$ 2,006,121	$ 1,994,354	$ 2,389,415
School's proportionate share of the net pension liability as a percentage of its covered payroll	318.13%	263.47%	238.06%	236.69%
Plan fiduciary net position as a percentage of the total pension liability	66.80%	72.10%	74.70%	69.30%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

GROVEPORT COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2017	2016	2015	2014
Contractually required contribution	$ 45,185	$ 43,511	$ 55,270	$ 51,905
Contributions in relation to the contractually required contribution	(45,185)	(43,511)	(55,270)	(51,905)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
School's covered payroll	$ 322,750	$ 310,793	$ 419,347	$ 374,495
Contributions as a percentage of covered payroll	14.00%	14.00%	13.18%	13.86%

2013	2012	2011	2010	2009	2008
$ 49,942	$ 103,539	$ 83,619	$ 45,129	$ 24,495	$ 24,445
(49,942)	(103,539)	(83,619)	(45,129)	(24,495)	(24,445)
$ -	$ -	$ -	$ -	$ -	$ -
$ 360,853	$ 769,807	$ 665,227	$ 333,301	$ 248,933	$ 248,931
13.84%	13.45%	12.57%	13.54%	9.84%	9.82%

GROVEPORT COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2017	2016	2015	2014
Contractually required contribution	$ 311,835	$ 269,465	$ 280,857	$ 259,266
Contributions in relation to the contractually required contribution	(311,835)	(269,465)	(280,857)	(259,266)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
School's covered payroll	$ 2,227,393	$ 1,924,750	$ 2,006,121	$ 1,994,354
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	13.00%

2013	2012	2011	2010	2009	2008
$ 310,624	$ 292,422	$ 267,657	$ 285,675	$ 229,242	$ 75,950
(310,624)	(292,422)	(267,657)	(285,675)	(229,242)	(75,950)
$ -	$ -	$ -	$ -	$ -	$ -
$ 2,389,415	$ 2,249,400	$ 2,058,900	$ 2,197,500	$ 1,763,400	$ 584,231
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

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

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014 - 2017.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates and (g) mortality among disable member was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014 - 2017.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014 - 2017. See the notes to the basic financials for the methods and assumptions in this calculation.

SUPPLEMENTARY INFORMATION

This page intentionally left blank.

GROVEPORT COMMUNITY SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION			
Child Nutrition Cluster:			
(C) (D) School Breakfast Program	10.553	N/A	$ 171,373
(C) (D) National School Lunch Program	10.555	N/A	275,499
Total U.S. Department of Agriculture and Child Nutrition Cluster			446,872
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION			
Title I Grants to Local Educational Agencies	84.010	N/A	634,692
Special Education Cluster:			
(E) Special Education_Grants to States	84.027	N/A	151,242
Total Special Education Cluster			151,242
Improving Teacher Quality State Grants	84.367	N/A	85,591
English Language Acquisition Grants	84.365	N/A	9,416
Total U.S. Department of Education			880,941
Total Federal Financial Assistance			$ 1,327,813

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

(A) OAKS did not assign pass-through numbers for fiscal year 2017.

(B) This schedule includes the federal award activity of the Groveport Community School under programs of the federal government for the fiscal year ended June 30, 2017 and is prepared in accordance with the cash basis of accounting. The information on this schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Groveport Community School, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Groveport Community School.

(C) Commingled with state and local revenue from sales of breakfasts and lunches; assumed expenditures were made on a first-in, first-out basis.

(D) Included as part of the "Child Nutrition Cluster" in determining major programs.

(E) Included as part of the "Special Education Cluster" in determining major programs.

(F) CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. The School has not elected to use the 10% de minimis indirect cost rate.

This page intentionally left blank.

Julian & Grube, Inc.
Serving Ohio Local Governments
333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Groveport Community School
Franklin County
4485 S. Hamilton Road
Groveport, Ohio 43125

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 Groveport Community School, Franklin County, Ohio, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Groveport Community School's basic financial statements and have issued our report thereon dated December 27, 2017.

Internal Control Over Financial Reporting

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

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

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

Board of Directors
Groveport Community School

Compliance and Other Matters

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

Purpose of this Report

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

Julian & Grube, Inc.

Julian & Grube, Inc.
December 27, 2017

Julian & Grube, Inc.
Serving Ohio Local Governments
333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report on Compliance With Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Groveport Community School
Franklin County
4485 S. Hamilton Road
Groveport, Ohio 43125

To the Board of Directors:

Report on Compliance for the Major Federal Program

We have audited the Groveport Community School's compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Groveport Community School's major federal program for the fiscal year ended June 30, 2017. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Groveport Community School's major federal program.

Management's Responsibility

The Groveport Community School's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the Groveport Community School's compliance for the Groveport Community School's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Groveport Community School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Groveport Community School's major program. However, our audit does not provide a legal determination of the Groveport Community School's compliance.

Opinion on the Major Federal Program

In our opinion, the Groveport Community School complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the fiscal year ended June 30, 2017.

Board of Directors
Groveport Community School

Report on Internal Control Over Compliance

The Groveport Community School's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Groveport Community School's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Groveport Community School's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance**.**

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

Julian & Grube, Inc.

Julian & Grube, Inc.
December 27, 2017

GROVEPORT COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2017

1. SUMMARY OF AUDITOR'S RESULTS		
(d)(1)(i)	*Type of Financial Statement Opinion*	Unmodified
(d)(1)(ii)	*Were there any material control weaknesses reported at the financial statement level (GAGAS)?*	No
(d)(1)(ii)	*Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?*	No
(d)(1)(iii)	*Was there any reported material noncompliance at the financial statement level (GAGAS)?*	No
(d)(1)(iv)	*Were there any material internal control weaknesses reported for major federal programs?*	No
(d)(1)(iv)	*Were there any significant deficiencies in internal control reported for major federal programs?*	No
(d)(1)(v)	*Type of Major Program's Compliance Opinion*	Unmodified
(d)(1)(vi)	*Are there any reportable findings under 2 CFR §200.516(a)?*	No
(d)(1)(vii)	*Major Program (listed):*	Title I Grants to Local Educational Agencies, CFDA #84.010
(d)(1)(viii)	*Dollar Threshold: Type A/B Programs*	Type A: > $750,000 Type B: all others
(d)(1)(ix)	*Low Risk Auditee under 2 CFR § 200.520?*	Yes

2. FINDING RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

This page intentionally left blank.

Dave Yost • Auditor of State

GROVEPORT COMMUNITY 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
APRIL 12, 2018

88 East Broad Street, Fourth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-4514 or 800-282-0370 Fax: 614-466-4490
www.ohioauditor.gov