



Dave Yost • Auditor of State



LAKELAND ACADEMY COMMUNITY SCHOOL  
HARRISON COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Lakeland Academy Community School  
Harrison County  
101 Main Street  
Freeport, Ohio 43973

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Lakeland Academy Community School, Harrison County, Ohio (the Academy), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Academy's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Academy's internal control. Accordingly, we express no 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 of Lakeland Academy Community School, Harrison County, Ohio, as of June 30, 2014, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2015, on our consideration of the Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.



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

May 29, 2015

**Lakeland Academy Community School**  
**Harrison County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2014*  
*(Unaudited)*

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The management's discussion and analysis of Lakeland Academy's (the "Academy") financial performance provides an overall review of the Academy's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the Academy's financial performance.

### **Financial Highlights**

Key financial highlights for 2014 are as follows:

- In total, net position was \$167,832 at June 30, 2014.
- The Academy had operating revenues of \$415,026, operating expenses of \$351,986 and non-operating revenues of \$46,079 during the fiscal year. The total change in net position for the fiscal year was an increase of \$109,119.

### **Using these Basic Financial Statements**

This annual report consists of three parts, management's discussion and analysis, the basic financial statements and the notes to the financial statements. The basic financial statements include a statement of net position, a statement of revenues, expenses and changes in net position and a statement of cash flows. These statements are organized so the reader can understand the Academy's financial activities. The statement of net position and statement of revenues, expenses and changes in net position provide information about the activities of the Academy, including all short-term and long-term financial resources and obligations.

### **Reporting the Academy'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 to determine how well the Academy has performed financially through June 30, 2014. These statements include all assets and deferred outflows of resources, liabilities and 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 Academy's net position and changes in net position. This change in net position tells the reader whether, for the Academy as a whole, the financial position of the Academy has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

The statement of cash flows provides information about how the Academy finances and meets the cash flow needs of its operations.

**Lakeland Academy Community School**  
**Harrison County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2014*  
*(Unaudited)*

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The table below provides a summary of the Academy's net position for fiscal years 2014 and 2013.

**Table 1**  
**Net Position at June 30**

	<b>2014</b>	<b>2013</b>
<b>Assets</b>		
Current and Other Assets	\$ 167,832	\$ 74,028
<b>Liabilities</b>		
Current liabilities	0	15,315
<b>Net Position</b>		
Restricted for Other Purposes	1,096	729
Unrestricted	166,736	57,984
<i>Total Net Position</i>	<i>\$ 167,832</i>	<i>\$ 58,713</i>

Over time, net position can serve as a useful indicator of the Academy's financial position. At June 30, 2014, the Academy's net position totaled \$167,832.

Current assets in fiscal year 2014 represent cash and intergovernmental receivables from federal grants. In fiscal year 2013, intergovernmental payables resulted from the State funding review, which was not material to record in fiscal year 2014. See Note 7C to the basic financial statements.

The statement of revenues, expenses, and changes in net position report operating and non-operating activities for the fiscal year ended June 30, 2014. The table on the following page provides a summary of the Academy's statement of revenues, expenses and changes in net position for the fiscal year ended June 30, 2014.

**Lakeland Academy Community School**  
**Harrison County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2014*  
*(Unaudited)*

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The table below shows the changes in net position for fiscal years 2014 and 2013.

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

	<b>2014</b>	<b>2013</b>
<b>Operating Revenues:</b>		
Foundation	\$ 361,466	\$ 189,415
State Foundation - Special Education	46,028	33,750
State Distributed Casino Revenue	7,460	0
Other Revenues	72	19,170
<b>Total Operating Revenues</b>	<b>415,026</b>	<b>242,335</b>
<b>Operating Expenses:</b>		
Purchased Services	307,874	152,283
Materials and supplies	27,869	11,177
Other	16,243	26,893
<i>Total Operating Expenses</i>	<i>351,986</i>	<i>190,353</i>
<b>Non-Operating Revenues (Expenses):</b>		
Grants	43,430	1,482
Interest	1	238
Other Non-Operating Revenues	2,648	0
<i>Total Non-Operating Revenues (Expenses)</i>	<i>46,079</i>	<i>1,720</i>
<i>Change in Net Position</i>	<i>109,119</i>	<i>53,702</i>
<i>Net Position at Beginning of Year</i>	<i>58,713</i>	<i>5,011</i>
<i>Net Position at End of Year</i>	<i>\$ 167,832</i>	<i>\$ 58,713</i>

The revenue generated by community schools is heavily dependent upon per-pupil allotment given by the State Foundation program. Foundation and special education payments were 88 percent of total operating and non-operating revenues during fiscal year 2014. Purchased services comprise 87 percent of operating expenses.

The increase in revenues relating to State foundation is primarily due to an increase in student enrollment. Student count affects the foundation, Title funds, and special education funding.

Purchased services expenses increased from fiscal year 2013. This can be attributed to an increase in the amount of services required with the increase in students over the prior year. The Academy operates using purchased services contracted with North Central Ohio Educational Service Center (the "ESC").

The Academy's federal and State grants consisted of the Title I, IDEA Part B and Improving Teacher Quality grants. Purchased service expenses included the cost of educational services, including personnel, provided by the Sponsor.

**Lakeland Academy Community School**  
**Harrison County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2014*  
*(Unaudited)*

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**Current Financial Related Activities**

The mission of the Academy is to impact the lives of our students in a positive, safe, and supportive manner by teaching them the core values of teamwork, accountability, discipline, and respect for themselves and others. Fiscal year 2014 is the Academy's third year of operations as a conversion school serving children grades K-12.

The primary challenge today is the uncertainty of future funding. The fluctuation of the community school funding method, which bases monthly foundation payments on daily enrollment records of our students, make it a constant challenge to meet the needs of the Academy.

Pursuant to a Sponsorship Agreement, the North Central Ohio ESC is the fiscal agent of the Academy and provides all personnel to the Academy under a purchased service contract. In addition, the Sponsor reserves the right to provide such additional local resources as are necessary to reasonably ensure the operational viability of the Academy, including but not limited to: staff, equipment, instructional materials, curriculum, transportation, insurance coverage, and educational strategies as determined to be appropriate by the Sponsor, in the Sponsor's sole discretion.

**Contacting the Academy's Financial Management**

This financial report is designed to provide a general overview of the Academy's finances and to show the Academy's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mandy G. France, Treasurer, Lakeland Academy, Fiscal Office, 333 East Center Street, Marion, Ohio 43302.

**Lakeland Academy Community School**  
**Harrison County**  
*Statement of Net Position*  
*June 30, 2014*

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**Assets**

*Current Assets*

Cash	\$ 143,815
Intergovernmental Receivable	<u>24,017</u>

*Total Assets*

167,832

**Net Position**

Restricted for Extracurricular Activities	531
Restricted for Federal Programs	565
Unrestricted	<u>166,736</u>

*Total Net Position*

\$ 167,832

See accompanying notes to the basic financial statements

**Lakeland Academy Community School**  
**Harrison County**  
*Statement of Revenues, Expenses, and Changes in Net Position*  
*For the Fiscal Year Ended June 30, 2014*

<b>Operating Revenues</b>	
Foundation	\$ 361,466
Foundation - Special Education	46,028
State Distributed Casino Revenue	7,460
Other	72
<i>Total Operating Revenues</i>	415,026
 <b>Operating Expenses</b>	
Purchased Services	307,874
Materials and supplies	27,869
Other	16,243
<i>Total Operating Expenses</i>	351,986
 <i>Operating Income</i>	 63,040
 <b>Non-Operating Revenues</b>	
Grants	43,430
Interest	1
Other Non-Operating Revenues	2,648
<i>Total Non-Operating Revenues</i>	46,079
 <i>Change in Net Position</i>	 109,119
 <i>Net Position Beginning of Year</i>	 58,713
 <i>Net Position End of Year</i>	 \$ 167,832

See accompanying notes to the basic financial statements

**Lakeland Academy Community School**  
**Harrison County**  
*Statement of Cash Flows*  
For the Fiscal Year Ended June 30, 2014

<b>Cash Flows from Operating Activities:</b>	
Cash Received from State Foundation	\$ 392,179
Cash Received from Other Operations	72
Cash Received from Casino Revenue	7,460
Cash Payments for Contractual Services	(307,874)
Cash Payments for Materials and Supplies	(27,869)
Cash Payments for Other Expenses	(16,127)
	47,841
<i>Net Cash Provided by Operating Activities</i>	
<b>Cash Flows from Noncapital Financing Activities:</b>	
Cash Received from State and Federal Grants	19,413
Cash Received from Contributions	2,648
	22,061
<i>Net Cash Provided by Noncapital Financing Activities</i>	
<b>Cash Flows from Investing Activities</b>	
Interest Received	1
	1
<i>Net Increase in Cash</i>	69,903
<i>Cash at Beginning of Year</i>	73,912
<i>Cash at End of Year</i>	\$ 143,815
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>	
Operating Income	\$ 63,040
Changes in Assets and Liabilities:	
(Increase) Decrease in Prepays	116
Increase (Decrease) in Intergovernmental Payable	(15,315)
	(15,199)
<i>Net Cash Provided by Operating Activities</i>	\$ 47,841

See accompanying notes to the basic financial statements

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**Lakeland Academy Community School**  
**Harrison County**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2014*

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**NOTE 1 - DESCRIPTION OF THE ACADEMY**

The Lakeland Academy (the “Academy”), is a non-profit corporation established pursuant to the Ohio Revised Code Chapters 1702 and 3314 to address the needs of “at-risk” students aged 11-21 in grades 6-12. The Academy is nonsectarian in its programs, admission policies employment practices and all other operations. The Academy may sue and be sued, acquire facilities as needed and contract for any services necessary for the operation of the Academy.

The Academy was approved for sponsorship under contract resolution on May 14, 2009, with North Central Ohio Educational Service Center (the “Sponsor”) for a period of two years commencing on July 1, 2009 with automatic renewals for successive one-year terms.

Pursuant to the Sponsor’s authority under Section 3314.08(G) of the Ohio Revised Code to provide the Academy with services, the Sponsor shall be the fiscal agent of the Academy and shall direct the Sponsor’s assistant treasurer to serve as the Academy’s fiscal officer. The Sponsor shall evaluate the performance of the Academy according to the standards set forth in the Assessment and Accountability Plan. The Sponsor is not legally responsible for the final outcome of the community school.

The service contract for the fiscal year 2014 between the Academy and the Sponsor was also approved. In agreement with the contract, the Academy shall utilize certain resources converted to the Academy’s use by the Sponsor including, but not limited, to portions of the Sponsor’s facilities, staff, equipment, instructional materials, curriculum and educational strategy, as determined to be appropriate by the Sponsor, at the Sponsor’s sole discretion. The price for services rendered by the Sponsor to the Academy is established as the Sponsor’s cost of providing such services plus an agency fee. All personnel providing services to the Academy on behalf of the Sponsor under the service contract are considered employees of the Sponsor and the Sponsor shall be solely responsible for all payroll functions. The Academy pays up to a 3 percent sponsorship fee for oversight and monitoring, the amount paid to the Sponsor was \$11,814 for 2014.

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

The basic financial statements of the Academy 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 Academy's significant accounting policies are described below.

**A. Reporting Entity**

The following organizations are described due to their relationship to the Academy:

North Central Ohio Regional Council of Governments

North Central Ohio Regional Council of Governments (the “COG”) is a legally separate body politic and corporate served by a eight-member Board of Directors that meets the definition of regional Council of governments under Chapter 167 of the Ohio Revised Code. The COG is a regional source for shared services. Cost savings achieved are designed to not only maintain existing essential services, but to enhance them as well.

**Lakeland Academy Community School**  
**Harrison County**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2014*

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The initial, founding members, and Board of Directors are North Central Ohio ESC, Seneca County, the City of Tiffin, Clinton Township, Village of New Riegel, North Central Academy, Tiffin City School District, and Seneca East Local School District. The Superintendent of North Central Ohio ESC serves as Chair of the Board. The Chair is a non-voting member and shall only vote in the event of a tie. The Treasurer of North Central Ohio ESC serves as ex-officio/advisor for fiscal matters and is also a non-voting member. Membership is voluntary pursuant to resolution, ordinance or other appropriate action. Application of membership shall be subject to approval by the Board of Directors. Each political subdivision shall be entitled to one vote.

North Central Ohio ESC serves as the fiscal agent. The COG issues a publicly available, stand-alone financial report. The report may be obtained by writing to the Treasurer of the North Central Ohio ESC, 928 W. Market Street, Tiffin, Ohio 44883.

**B. Basis of Presentation**

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

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

**C. Measurement Focus**

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

**D. Basis of Accounting**

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

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

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

**Lakeland Academy Community School**  
**Harrison County**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2014*

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Grants and entitlements received before the eligibility requirements are met are recorded as deferred inflows of resources. Expenses are recognized at the time they are incurred.

**E. Budgetary Process**

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

**F. Cash**

Cash held by the Academy is reflected as "cash" on the statement of net position. Investments with an original maturity of three months or less at the time they are purchased are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months are reported as investments. During fiscal year 2014, the Academy had no cash equivalents or investments. All monies received by the Academy are deposited in a demand deposit account.

**G. Capital Assets**

All capital assets are capitalized at cost and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their fair market value on the date donated. The Academy maintains a capitalization threshold of \$500. 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. The Academy has no capital assets.

**H. Net Position**

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

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

**Lakeland Academy Community School**  
**Harrison County**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2014*

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**I. Operating Revenues and Expenses**

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

**J. Intergovernmental Revenue**

The Academy has recently participated in the State Foundation Program through the Ohio Department of Education, the Federal IDEA Part B grant, the Federal Title I grant and the Improving Teacher Quality Title II-A grant. Revenues from the State foundation program are recognized as operating revenue in the accounting period in which all eligibility requirements have been met. The Academy reported State foundation revenue and State foundation funding for special education of \$361,466 and \$46,028, respectively, during fiscal year 2014. Revenues received from the remaining programs are recognized as non-operating revenues in the accompanying financial statements. Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. Eligibility includes timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Academy must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis. Federal and State grant revenue for the fiscal year 2014 was \$43,430.

**K Estimates**

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

**NOTE 3 - DEPOSITS**

At June 30, 2014, the carrying amount of the Academy's deposits was \$143,815. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, as of June 30, 2014, the Academy's entire bank balance of \$144,137 was covered by the Federal Deposit Insurance Corporation (FDIC).

The Academy had no investments.

**NOTE 4 - RECEIVABLES**

The Academy had intergovernmental receivables for federal grants at June 30, 2014 in the amount of \$24,017.

**Lakeland Academy Community School**  
**Harrison County**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2014*

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**NOTE 5 - PURCHASED SERVICES**

For the fiscal year ended June 30, 2014, purchased services expenses were as follows:

Professional and Technical Services	\$ 281,341
Property Services	16,330
Travel and Meetings	875
Communications	1,459
Utilities	7,057
Other	812
	<u>\$ 307,874</u>

**NOTE 6 - RISK MANAGEMENT**

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to contracted personnel; and natural disasters. For fiscal year 2014, the Academy was named as an additional insured party on the Sponsor's insurance policy. The Academy provides \$25,000 in employee bond coverage for the Treasurer.

**NOTE 7 - CONTINGENCIES**

**A. Grants**

The Academy received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. The Academy receives per pupil funding that is reported using the School Options Enrollment System. Each month the Ohio Department of Education uses the student information to adjust and validate the foundation funding of the Academy based on the current enrollment.

**B. Litigation**

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

**C. State Foundation Funding**

The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which State foundation funding is calculated. The fiscal year 2014 review resulted in a liability of \$843 at June 30, 2014. This amount was not reflected in the basic financial statements and will be paid in fiscal year 2015.

**Lakeland Academy Community School**  
**Harrison County**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2014*

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**NOTE 8 - SERVICE AGREEMENT**

The Academy is contracting with the Sponsor to manage its operations. All services are to be provided on a purchased service or reimbursement basis. The Academy paid \$58,471 to the Sponsor for educational, fiscal and administrative services for the fiscal year ended June 30, 2014.

**NOTE 9 – SUBSEQUENT EVENTS NOTE**

On July 14, 2014, the Academy approved a modification to existing executed lease July 27, 2012 between Robert and Annette Ryser and the North Central Ohio Educational Service Center to increase the rent from \$1.00 to \$1,000 per month effective July 1, 2014.



# Dave Yost • Auditor of State

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

Lakeland Academy Community School  
Harrison County  
101 Main Street  
Freeport, Ohio 43973

To the Board of Education:

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 Lakeland Academy Community School, Harrison County, Ohio (the Academy), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated May 29, 2015.

### ***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

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

May 29, 2015



# Dave Yost • Auditor of State

LAKELAND ACADEMY COMMUNITY SCHOOL

HARRISON COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
JUNE 23, 2015