



Dave Yost • Auditor of State

LIFELINKS COMMUNITY SCHOOL
VAN WERT COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis.....	3
Statement of Net Position – Cash Basis	7
Statement of Receipts, Disbursements and Change in Cash Basis Net Position	8
Notes to the Basic Financial Statements	9
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15
Schedule of Findings.....	17
Schedule of Prior Audit Findings.....	18

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

LifeLinks Community School
Van Wert County
205 West Crawford Street
Van Wert, Ohio 45891

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of LifeLinks Community School, Van Wert County, Ohio (the School), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the School's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the School's internal control. Accordingly, we express no 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of LifeLinks Community School, Van Wert County, Ohio, as of June 30, 2013, and the respective changes in cash financial position, thereof for the year then ended in accordance with the accounting basis described in Note 2.

One First National Plaza, 130 W. Second St., Suite 2040, Dayton, Ohio 45402
Phone: 937-285-6677 or 800-443-9274 Fax: 937-285-6688

www.ohioauditor.gov

Accounting Basis

Ohio Administrative Code § 117-2-03 (B) requires the School to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

We audited to opine on the School's financial statements that collectively comprise its basic financial statements.

Management's Discussion & Analysis includes tables of net position and changes in net position. This information provides additional analysis and is not a required part of the basic financial statements.

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

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2013, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

October 30, 2013

**LIFELINKS COMMUNITY SCHOOL
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED**

The management's discussion and analysis of LifeLinks Community School's (the "School") financial performance provides an overall view of the School's financial activities for the fiscal year ended June 30, 2013. 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 fiscal year 2013 are as follows:

- In total, net position was \$46,196 at June 30, 2013.
- The School had operating receipts of \$482,849 and operating disbursements of \$649,540 for fiscal year 2013. Total change in net position for the fiscal year was a decrease of \$16,302.
- The School received Federal and State Grants totaling \$150,263.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These cash basis statements are organized so the reader can understand the School's financial activities. The statement of position and statement of receipts, disbursements and changes in cash basis net position provide information about the activities of the School, including how services were financed in the short-term and what remains for future spending.

Reporting the School's Financial Activities

Statement of Net Position; Statement of Receipts, Disbursements and Changes in Cash Basis Net Position

These documents look at all financial transactions and ask the question, "How did we do financially during fiscal year 2013?" The statement of net position and the statement of receipts, disbursements and changes in cash basis net position answer this question.

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 7 and 8 of this report.

Table 1 provides a summary of the School's net position for fiscal year 2013 compared to 2012:

	2013	2012
Assets		
Equity in Pooled Cash and Cash Equivalents	\$46,196	\$62,498
Net Position		
Restricted for Other Purposes	34,135	56,150
Unrestricted	12,061	6,348
	\$46,196	\$62,498

**LIFELINKS COMMUNITY SCHOOL
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

Over time, net position can serve as a useful indicator of a government's financial position.

Table 2 shows the changes in net position for fiscal years 2013 and 2012:

**Table 2
Changes in Net Position**

	2013	2012
Operating Receipts:		
State Foundation	\$482,689	\$480,356
Other Receipts	160	147
Total Operating Receipts	<u>482,849</u>	<u>480,503</u>
Operating Disbursements:		
Purchased Services	520,663	494,482
Materials and Supplies	59,641	60,390
Capital Outlay	54,549	12,173
Other	14,687	8,171
Total Operating Disbursements	<u>649,540</u>	<u>575,216</u>
Non-Operating Receipts:		
Other	10	321
Interest	116	139
Federal and State Grants	150,263	135,836
Total Non-Operating Receipts	<u>150,389</u>	<u>136,296</u>
Change in Net Position	<u>(\$ 16,302)</u>	<u>\$ 41,583</u>

An increase of \$14,427 or 10.62% in federal and state grants is due to the School receiving new state and federal resources during fiscal year 2013, including federal Education Jobs grant and Ohio casino receipts. A significant increase of \$42,376 or 348.11% in capital outlay is noted as the School purchased projectors and whiteboards for the classrooms during fiscal year 2013.

The statements of receipts, disbursements, and changes in cash basis net position show the cost of operating disbursements and the receipts offsetting those services. Table 2 shows the total amount of operating and non-operating receipts associated with those disbursements. That is, it identifies the amount of operating disbursements supported by State and other funding.

The dependence upon state foundation revenue for operating activities is apparent. Most of these monies were used for purchased services. The School's operating revenue is 76.3 percent of total receipts. State sources are by far the primary support for the LifeLinks Community School.

Current Financial Related Activities

The School is sponsored by the Van Wert City School District and is designed to assist at-risk students while also delivering credit recovery services with an emphasis on the use of technology. The School relies on State Foundation funds as well as the \$450,000 worth of Federal Implementation Sub-Grants received in fiscal year 2011, 2012, and 2013 to get the School implemented. The School is also eligible to receive Title I, Title II-A, and IDEA Part-B Special Education Federal funds.

The future of the School is dependent upon continued funding from the State Foundation Funds and current Federal Grant Funds as no local revenue can be generated through tuition, school district income taxes, or property taxes. It is the intention of the management of the School to pursue other State and Federal grants as they become available.

**LIFELINKS COMMUNITY SCHOOL
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

During the first two years in existence (fiscal years 2011 and 2012) the School leased space from Trinity Friends Church. Over the summer of 2012 all classrooms and offices were moved to the Van Wert City School District's S.F. Goedde Building which will be the School's permanent location.

In conclusion, the School has committed itself to providing uniquely designed educational opportunities to meet the specific needs of the students it serves. Management will aggressively pursue adequate funding to secure the financial stability of the School.

Contacting the Community 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 information contact: Mr. Mike Ruen, Treasurer, LifeLinks Community School, 205 West Crawford Street, Van Wert, Ohio 45891.

This page intentionally left blank.

LIFELINKS COMMUNITY SCHOOL
VAN WERT COUNTY

STATEMENT OF NET POSITION
JUNE 30, 2013

Assets:

Current Assets:

Equity in Pooled Cash and Cash Equivalents	<u>\$46,196</u>
Total Assets	<u>46,196</u>

Net Position:

Restricted for Other Purposes	34,135
Unrestricted	<u>12,061</u>
Total Net Position	<u><u>\$46,196</u></u>

See accompanying notes to the financial statements.

**LIFELINKS COMMUNITY SCHOOL
VAN WERT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGE IN CASH BASIS NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Operating Receipts:	
State Foundation	\$482,689
Other Receipts	160
Total Operating Receipts	<u>482,849</u>
Operating Disbursements:	
Purchased Services	520,663
Materials and Supplies	59,641
Capital Outlay	54,549
Other	14,687
Total Operating Disbursements	<u>649,540</u>
Operating Income (Loss)	<u>(166,691)</u>
Non-Operating Receipts:	
Other	10
Interest	116
Federal and State Grants	150,263
Total Non-Operating Receipts	<u>150,389</u>
Change in Net Position	(16,302)
Net Position Beginning of Year	<u>62,498</u>
Net Position End of Year	<u>\$46,196</u>

See accompanying notes to the financial statements.

**LIFELINKS COMMUNITY SCHOOL
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

LifeLinks Community School (the "School") is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702 to address the needs of at-risk students in grades 6 through 12. The School, which is part of the State's education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. 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 for operation under a contract with the Board of Education of the Van Wert City School District (the "Sponsor") for a period of five years commencing with fiscal year July 1, 2010 through June 30, 2015. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

The School operates under a five-member Board of Directors (the "Board"). The Board is responsible for carrying out the provisions of the contract which include, but are not limited to, state mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers.

The School is considered a component unit of the Van Wert City School District ("the Sponsor") for reporting purposes, in accordance with Governmental Accounting Standard Board (GASB) Statement No. 61.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.B, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the School's accounting policies.

A. Basis of Presentation

Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The School's basic financial statements consist of a Statement of Net Position - Cash Basis and a Statement of Receipts, Disbursements and Change in Cash Basis Net Position.

B. Basis of Accounting

Basis of accounting refers to when receipts and disbursements are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. Although required by Ohio Administrative Code Sections 117-2-03(B) to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP), the School chooses to prepare its financial statements and notes in accordance with the cash accounting basis. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

**LIFELINKS COMMUNITY SCHOOL
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

C. Budgetary Process

Unlike other public schools located in the state of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Chapter 5705, with the exception of 5705.391. All other budgetary provisions are not required to be followed, unless specifically provided in the School's contract with its Sponsor. The contract between the School and its Sponsor does not prescribe a budgetary process for the School.

D. Cash and Cash Equivalents

Cash held by the School is reflected as "Equity in Pooled Cash and Cash Equivalents" 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. The School had no investments in fiscal year 2013.

E. Inventory and Prepaid Items

The School reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

F. Capital Assets and Depreciation

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. The financial statements do not reflect these items as assets.

G. Tax Exemption Status

The School is a non-profit organization that, in the opinion of legal counsel, is exempt from federal income taxes due to the School's status as an integral part of its sponsoring political subdivision, the Van Wert City School District.

H. Intergovernmental Revenues

The School currently participates in the State Foundation Program, the Public Charter Schools Program and the State Special Education Program. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met. Other grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met.

**LIFELINKS COMMUNITY SCHOOL
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which 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.

The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the School. These reviews are conducted to ensure the School is reporting accurate enrollment data to the State, upon which State Foundation funding is calculated.

I. Operating Revenues and Expenses

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

J. Compensated Absences

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused vacation and sick. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the School.

K. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Directors and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2013.

L. Net Position

Equity is classified as net position and is displayed in separate components. Net position is reported as restricted when there are limitations imposed on their 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 a cash disbursement is incurred for purposes for which both restricted and unrestricted net positions are available.

M. Implementation of New Accounting Policies

For the fiscal year ended June 30, 2013, the School has implemented Governmental Accounting Standard Board (GASB) Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements," GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34," GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements," and GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position."

**LIFELINKS COMMUNITY SCHOOL
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the School.

GASB Statement No. 61 improves guidance for including, presenting and disclosing information about component units and equity interest transactions of a financial reporting entity. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the School.

GASB Statement No. 62 incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the School.

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. It also amends the net asset reporting requirements in GASB Statement No. 34 by incorporating deferred outflows and inflows into the definitions and renaming the residual measure as net position, rather than net assets.

3. DEPOSITS

According to State law, public depositories must give security for all uninsured public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of uninsured public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within 5 years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the School's name. During fiscal year 2013, the School and public depositories complied with the provisions of these statutes.

Custodial credit risk is the risk that, in the event of a bank failure, the School's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School. The School has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School to a successful claim by the FDIC.

At June 30, 2013, the carrying amount of the School's deposits was \$46,196 and the bank balance was \$465,938. Of the School's bank balance, \$250,000 was covered by Federal Deposit Insurance Corporation, leaving \$215,938 exposed to custodial credit risk because it was uninsured but collateralized with securities held by the pledging financial institution's trust department or agent not in the School's name. There are no significant statutory restrictions regarding the deposit and investment of funds by the School.

**LIFELINKS COMMUNITY SCHOOL
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

4. PURCHASED SERVICES

For fiscal year ended June 30, 2013, purchased service disbursements were as follows:

	2013
Professional Services	<u>\$510,810</u>
Travel, Mileage and Meetings	<u>9,853</u>
Total	<u><u>\$520,663</u></u>

5. SERVICE CONTRACTS

A. Northwest Ohio Area Computer Services Cooperative

During fiscal year ended June 30, 2013, the School utilized the services of Northwest Ohio Area Computer Services Cooperative ("NOACSC") for instructional, administrative and technical services required for the operation of the School. The amount paid to NOACSC during the audit period was \$4,246 and is included in purchased services.

B. Van Wert City School District

The Community School Sponsorship Contract between the School and Van Wert City School District (the "Sponsor") outlined the specific payments to be made by the School to the Sponsor during fiscal year 2013. In addition, the Community School Sponsorship Contract stated that the two parties agreed to pay other mutually agreed upon amounts, including fees for any services provided to the School by the Sponsor. The School paid the Sponsor \$451,488 during fiscal year 2013 for professional and technical services and \$25,000 to lease classroom and office space.

6. 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. For the fiscal year ended June 30, 2013, the School contracted with Ohio Casualty. Settled claims did not exceed coverage during the last three fiscal years. There has been no reduction in coverage from the prior fiscal year.

7. OPERATING LEASE

On August 15, 2012, the School entered into a two year lease agreement with Van Wert City School District for the use of classrooms, offices, and other facilities. The contracted monthly lease amount was \$2,500.

**LIFELINKS COMMUNITY SCHOOL
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

8. 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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the School. However, the effect of any such disallowed claims on the overall financial position of the School at June 30, 2013, if applicable, cannot be determined at this time.

B. Full-Time Equivalency

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 final review of the state funding in 2013 is not yet available.

C. Litigation

The School is not party to any claims or lawsuits that would, in the School's opinion, have a material effect of the basic financial statements.



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

LifeLinks Community School
Van Wert County
205 West Crawford Street
Van Wert, Ohio 45891

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 LifeLinks Community School, Van Wert County, Ohio (the School) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated October 30, 2013, wherein we noted the School uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the 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.

Compliance and Other Matters

As part of reasonably assuring whether the School's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2013-001.

Entity's Response to Findings

The School's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the School's response and, accordingly, we express no opinion on it.

Purpose of this Report

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

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

October 30, 2013

LIFELINKS COMMUNITY SCHOOL
VAN WERT COUNTY

SCHEDULE OF FINDING
JUNE 30, 2013

1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2013-001

Noncompliance

Ohio Rev. Code Section 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code Section 117-2-03 further clarifies the requirements of Ohio Rev. Code Section 117.38.

Ohio Adm. Code Section 1172-03(B) requires the School to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP). However, the School prepared its financial statements for 2013 following the cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38, the School may be fined and subject to various other administrative remedies for its failure to file the required financial report.

The School should prepare the annual financial report in accordance with generally accepted accounting principles to include assets, liabilities, equity and the disclosures to provide a complete presentation of its financial status.

OFFICIAL'S RESPONSE:

The School has determined that the cost of preparing and auditing financial reports in accordance with GAAP outweighs the benefit; therefore the Board has elected to go with the Other Cash Basis Accounting method.

LIFELINKS COMMUNITY SCHOOL
VAN WERT COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2013

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	Ohio Rev. Code Section 117.38 – Failure to file financial statements in accordance with generally accepted accounting principles (GAAP)	No	Repeated as Finding 2013-001



Dave Yost • Auditor of State

LIFELINKS COMMUNITY SCHOOL

VAN WERT 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
DECEMBER 5, 2013**