



Dave Yost · Auditor of State



**LEADERSHIP ACADEMY OF MATHEMATICS AND SCIENCE OF COLUMBUS  
FRANKLIN COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Leadership Academy of Mathematics and Science of Columbus  
Franklin County  
c/o Educational Service Center of Central Ohio  
2080 Citygate Drive  
Columbus, Ohio 43219

To the Sponsor:

We were engaged to audit the basic financial statements of the Leadership Academy of Mathematics and Science of Columbus, Franklin County, Ohio (the Academy), as of and for the period July 1, 2011 through April 6, 2012 as listed in the table of contents. These financial statements are the responsibility of the Academy's management.

Management was unable to provide sufficient evidential matter supporting approximately 8.3% of the expenses reported, and the financial statements did not include an accrued liability and related expenses of \$43,672.

Auditing standards generally accepted in the United States of America (AU-C 580) and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards* require us to obtain written representations from management. Management has not provided the Auditor of State written representations, including but not limited to, management's responsibility for preparing the financial statements in conformity with the Academy's accounting basis, the availability of original financial records and related data, the completeness and availability of all minutes of the legislative or other bodies and committee meetings; management's responsibility of the Academy's compliance with laws and regulations; the identification and disclosure to the Auditor of State of all laws, regulations, and provisions of contracts and grant agreements directly and materially affecting the determination of financial statement amounts and; the presence or absence of fraud involving management or employees with significant roles in internal control; compliance with laws, regulations, and provisions of contracts and grant agreements, including budget laws and compliance with any debt covenants.

Because of the matters discussed in the preceding two paragraphs, the scope of our procedures was not sufficient to enable us to express, and we do not express, an opinion on the financial statements referred to above for the period July 1, 2011 through April 6, 2012.

As described in Note 10, the School ceased operations on April 6, 2012.

Leadership Academy of Mathematics and Science of Columbus  
Franklin County  
Independent Accountants' Report  
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In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2014, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing.



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

September 22, 2014

**LEADERSHIP ACADEMY OF MATHEMATICS AND SCIENCE OF COLUMBUS  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE PERIOD JULY 1, 2011 THROUGH APRIL 6, 2012  
UNAUDITED**

The discussion and analysis of the Leadership Academy of Mathematics and Science of Columbus (the Academy) financial performance provides an overall review of the Academy's financial activities for the period ended April 6, 2012. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Academy's financial performance.

The Management's Discussion and Analysis (the MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current fiscal year and the prior fiscal year is required to be presented in the MD&A. However, because this is the first fiscal year of financial reporting for the Academy comparative prior fiscal year information does not exist.

**FINANCIAL HIGHLIGHTS**

Key Financial Highlights for the Academy for the 2011-12 school year are as follows:

- Total assets were \$10,831.
- Total liabilities were \$22,714.
- Total net position were (\$11,883)
- Total operating revenues were \$113,978. Total operating expenses were \$125,861.

**USING THIS ANNUAL REPORT**

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

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

These statements report the Academy's net position and changes in that position. This change in net position is important because it tells the reader whether 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. Non-financial factors include the Academy's student enrollment, per-pupil funding as determined by the State of Ohio, change in technology, required educational programs and other factors.

The Academy uses enterprise presentation for all of its activities.

**LEADERSHIP ACADEMY OF MATHEMATICS AND SCIENCE OF COLUMBUS  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE PERIOD JULY 1, 2011 THROUGH APRIL 6, 2012  
UNAUDITED  
(Continued)**

**Statement of Net Position**

Table 1 provides a summary of the Academy's net position for the period ended April 6, 2012. This is the Academy's first year of operation. Therefore, comparative information is not available.

**Table 1  
Statement of Net Position**

	<b>2012</b>
<b>Assets</b>	
Current Assets	\$ 1,092
Accounts Receivable	9,739
Total Assets	<u><u>10,831</u></u>
<b>Liabilities</b>	
Current Liabilities	<u>22,714</u>
Total Liabilities	<u>22,714</u>
<b>Net Position</b>	
Unrestricted	<u>(11,883)</u>
Total Net Position	<u><u>\$ (11,883)</u></u>

Over time, net position can serve as a useful indicator of a government's financial position. At April 6, 2012, the Academy's net position totaled (\$11,883).

Current assets represent cash and cash equivalents and accounts receivable. Current liabilities represent accounts payable at fiscal year-end.

**Statement of Revenues, Expenses and Changes in Net Position**

Table 2 shows the changes in net position for the period ended April 6, 2012, as well as a listing of revenues and expenses. This change in net position is important because it tells the reader that, for the Academy as a whole, the financial position of the Academy has improved or diminished. The cause of this may be the result of many factors, some financial, some not. Non-financial factors include the current laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

**LEADERSHIP ACADEMY OF MATHEMATICS AND SCIENCE OF COLUMBUS  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE PERIOD JULY 1, 2011 THROUGH APRIL 6, 2012  
UNAUDITED  
(Continued)**

**Table 2  
Change in Net Position**

	<b>2012</b>
<b>Operating Revenue</b>	
State Aid	\$ 113,978
Total Operating Revenues	<u>113,978</u>
<b>Operating Expenses</b>	
Salaries	20,931
Fringe Benefits	3,809
Purchased Services	91,522
Materials and Supplies	7,215
Other	<u>2,384</u>
Total Operating Expenses	<u>125,861</u>
Operating (Loss)	(11,883)
<b>Non-Operating Revenues</b>	
Federal & State Grants	-
Total Non-Operating Revenues	<u>-</u>
<b>Increase (Decrease) in Net Position</b>	<b>\$ (11,883)</b>

**BUDGETING HIGHLIGHTS**

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Chapter 5705 (with the exception section 5705.391 – Five Year Forecasts), unless specifically provided in the community school's contract with its Sponsor.

The contract between the Academy and its Sponsor does prescribe a budgetary process. The Academy must prepare and submit a detail budget for every fiscal year to the Board of Directors and its Sponsor. The five-year forecast is also submitted to the Ohio Department of Education, annually.

**CURRENT FINANCIAL ISSUES**

The Academy was a community school and was funded through the State of Ohio Foundation Program. On April 6, 2012, the Educational Service Center of Central Ohio (the Sponsor) ceased the operations of the Academy and ordered it to be closed.

**LEADERSHIP ACADEMY OF MATHEMATICS AND SCIENCE OF COLUMBUS  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE PERIOD JULY 1, 2011 THROUGH APRIL 6, 2012  
UNAUDITED  
(Continued)**

**CONTACTING THE ACADEMY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the citizen's, taxpayers, investors and creditors with a general overview of the Academy's finances and to demonstrate accountability for the money it receives. If you have questions about this report or need additional information, contact the Educational Service Center of Central Ohio.

**LEADERSHIP ACADEMY OF MATHEMATICS AND SCIENCE OF COLUMBUS  
FRANKLIN COUNTY**

**STATEMENT OF NET POSITION  
APRIL 6, 2012**

**Assets:**

Current assets:

Cash and Cash Equivalents . . . . .	\$ 1,092
Accounts Receivable . . . . .	9,739
Total current assets . . . . .	<hr/> <hr/> 10,831
Total assets . . . . .	<hr/> <hr/> 10,831

**Liabilities:**

Current liabilities:

Accounts Payable . . . . .	<hr/> 22,714
Total liabilities. . . . .	<hr/> 22,714

**Net Position:**

Unrestricted (deficit). . . . .	<hr/> (11,883)
Total net position (deficit). . . . .	<hr/> <hr/> \$ (11,883)

See Accompanying Notes to the Basic Financial Statements

**LEADERSHIP ACADEMY OF MATHEMATICS AND SCIENCE OF COLUMBUS  
FRANKLIN COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE PERIOD JULY 1, 2011 THROUGH APRIL 6, 2012**

**Operating revenues:**

State Aid . . . . .	\$ 113,978
Total operating revenues. . . . .	<u>113,978</u>

**Operating expenses:**

Salaries . . . . .	20,931
Fringe Benefits . . . . .	3,809
Purchased Services. . . . .	91,522
Materials and Supplies . . . . .	7,215
Other . . . . .	2,384
Total operating expenses . . . . .	<u>125,861</u>

Operating loss . . . . .	(11,883)
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<b>Net Position - Beginning of Period.</b> . . . . .	<u>-</u>
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<b>Net Position (Deficit) - End of Period</b> . . . . .	<u>\$ (11,883)</u>
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See Accompanying Notes to the Basic Financial Statements

**LEADERSHIP ACADEMY OF MATHEMATICS AND SCIENCE OF COLUMBUS  
FRANKLIN COUNTY**

**STATEMENT OF CASH FLOWS  
FOR THE PERIOD JULY 1, 2011 THROUGH APRIL 6, 2012**

**Cash Flows From Operating Activities:**

Cash Received from State of Ohio	\$	113,978
Cash Payments to Suppliers for Goods and Services		(88,146)
Cash Payments to Employees for Service		(20,931)
Cash Payments for Employee Benefits		(3,809)
<b>Net Cash Provided by Operating Activities</b>		<b>1,092</b>
Net Increase in Cash and Cash Equivalents . . . . .		1,092
<b>Cash and Cash Equivalents - Beginning of Year . . . . .</b>		<b>-</b>
<b>Cash and Cash Equivalents - End of Year . . . . .</b>	<b>\$</b>	<b>1,092</b>

**Reconciliation of Operating Loss to Net Cash Provided  
By Operating Activities**

<b>Operating Loss</b>	\$	(11,883)
Changes in Assets and Liabilities:		
(Increase) in Accounts Receivable		(9,739)
Increase in Accounts Payable		22,714
<b>Net Cash Provided by Operating Activities</b>	<b>\$</b>	<b>1,092</b>

See Accompanying Notes to the Basic Financial Statements

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**LEADERSHIP ACADEMY OF MATHEMATICS AND SCIENCE OF COLUMBUS  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE PERIOD JULY 1, 2011 THROUGH APRIL 6, 2012**

**1. DESCRIPTION OF THE ENTITY**

The Leadership Academy of Mathematics and Science of Columbus, (the Academy) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The Academy's mission is to provide an orderly and supportive environment whereby students experience preparations for college, career and life. The Academy operates on a foundation, which fosters character building for all students, parents and staff members. The Academy, 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 Academy may acquire facilities as needed and contract for any services necessary for the operation of the Academy.

The Academy was approved for operation under a contract with the Educational Service Center of Central Ohio (the Sponsor) for a one year period commencing on July 1, 2011. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

The Academy operates under the direction of a 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 populations, curriculum, academic goals, performance standards, admissions standards, and qualifications of teachers. The Board controls the Academy's instructional and administrative staff.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Academy have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental nonprofit organizations. The Academy also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The more significant of the Academy's accounting policies are described below.

**A. Basis of Presentation**

The Academy's basic financial statements consist of a Statement of Net Position, a Statement of Revenue, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows. Enterprise fund reporting focuses on the determination of changes in net position, financial position and cash flows.

Auditor of State of Ohio Bulletin No. 2000-005 requires the presentation of all financial activity to be reported within one enterprise fund for year-ending reporting purposes. Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprise where the intent is that the cost (expense) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

**B. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by measurement focus. Under this measurement focus, all assets and all liabilities are included on the balance sheet. The operating statement presents increases (e.g., revenues) and decreases (e.g., expenses) in net total position.

**LEADERSHIP ACADEMY OF MATHEMATICS AND SCIENCE OF COLUMBUS  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE PERIOD JULY 1, 2011 THROUGH APRIL 6, 2012**  
**(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Measurement Focus and Basis of Accounting (Continued)**

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The Academy's financial statements were prepared using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

**C. Budgetary Process**

Unlike other public schools located in the state of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705 (with the exception section 5705.391 – Five Year Forecasts), unless specifically provided for in the Academy's sponsorship agreement. The contract between the Academy and its Sponsor requires a detailed budget for each year of the contract.

**D. Cash and Cash Equivalents**

Cash received by the Academy is reflected as "Cash and Cash Equivalents" on the Statement of Net Position. The Academy did not have any investments during the period ended April 6, 2012.

**E. Estimates**

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

**F. Capital Assets and Depreciation**

Capital assets are capitalized at cost. The costs of additions are capitalized and expenditures for repairs and maintenance are expensed when incurred. When property is sold or retired, the related costs and accumulated depreciation are removed from the financial records and any gain or loss is included in additions to or deductions from net position. Depreciation of capital assets is calculated utilizing the straight-line method over the estimated useful lives of the asset which are as follows:

<b><u>Asset Class</u></b>	<b><u>Useful Life</u></b>
Computers & Software	3 years
Furniture, Fixtures, & Equipment	5 years
Textbooks	3 years

The Academy's policy for asset capitalization threshold is \$5,000. Assets or certain asset groups not meeting the capitalization threshold are not capitalized and are not included in the assets represented in the accompany statement of net assets. There were no capital assets as of April 6, 2012.

**LEADERSHIP ACADEMY OF MATHEMATICS AND SCIENCE OF COLUMBUS  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE PERIOD JULY 1, 2011 THROUGH APRIL 6, 2012**  
**(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Intergovernmental Revenues**

The Academy currently participates in the State Foundation Program. Revenues received from this program are recognized as operating revenues in the accounting period in which all eligibility requirements have been met. Under this program, the Academy recorded revenue of \$113,978 for fiscal year 2012.

Grants and entitlements are recognized as non-operating revenues in the accounting period in which eligibility requirements have been met, however no such monies were received during the period of operation.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Academy must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis.

**H. Compensated Absences**

Vacation is taken in a manner which corresponds with the school calendar; therefore the Academy does not accrue vacation time as a liability.

Sick/personal leave benefits are earned by full-time employees at the rate of eight days per year and cannot be carried into the subsequent years. No accrual for sick time is made since unused time is not paid to employees upon employment termination.

**I. Accrued Liabilities**

Obligations incurred but unpaid at June 30 are reported as accrued liabilities in the accompanying financial statements. These liabilities consisted of accounts payable, which totaled \$22,714, at April 6, 2012.

**J. Exchange and Non-Exchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Non-exchange transactions, in which the Academy receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Academy must provide local resources to be used for a specified purpose, and expenditures requirements, in which the resources are provided to the Academy on a reimbursement basis.

**LEADERSHIP ACADEMY OF MATHEMATICS AND SCIENCE OF COLUMBUS  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE PERIOD JULY 1, 2011 THROUGH APRIL 6, 2012**  
**(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**K. Net Position**

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on its use through external restriction imposed by creditors, grantors, or laws and regulations of other governments. The Academy applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**L. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activities of the Academy. For the Academy, these revenues consist of the State Foundation program. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the Academy. All revenues and expenses not meeting this definition are reported as non-operating. There were no non-operating revenues or expenses reported for the period ended April 6, 2012.

**3. CASH AND CASH EQUIVALENTS**

The following information classifies deposits by category of risk as defined in GASB Statement No.3 "Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements," as amended by GASB Statement No.40, "Deposit, and Investment Risk Disclosures".

The Academy maintains its cash balances at one financial institution, PNC Bank, located in Ohio. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000, per qualifying account. At April 6, 2012, the book amount of the Academy's deposits was \$1,092 and the bank balance was \$1,092.

The Academy had no deposit policy for custodial risk beyond the requirement of state statute. Ohio law requires that deposits either be insured or be protected by eligible securities pledged to and deposited either with the Academy or a qualified trustee by the financial institution as security for repayment or by a collateral pool of eligible securities deposited with a qualified trustee to secure repayment of all public monies deposited in the financial institution whose market value shall be at least 105% of deposits being secured. At April 6, 2012, none of the bank balance was exposed to custodial credit risk.

**4. RECEIVABLES**

**A. Accounts Receivable**

The Academy has accounts receivables totaling \$9,739 at April 6, 2012. This entire amount represents monies due back from the State of Ohio for retirement obligation payments made by the Academy in excess of the actual calculated retirement expense as of April 6, 2012.

**LEADERSHIP ACADEMY OF MATHEMATICS AND SCIENCE OF COLUMBUS  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE PERIOD JULY 1, 2011 THROUGH APRIL 6, 2012  
(Continued)**

**5. RISK MANAGEMENT**

**A. Property & Liability**

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ending April 6, 2012, the Academy contracted with First Insurance Company for nonprofits and maintained general liability insurance with a \$1,000,000 single occurrence limit and \$3,000,000 annual aggregate and a combined policy aggregate coverage for various liability coverage in the amount of \$3,000,000.

**B. Workers' Compensation**

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

**6. DEFINED BENEFIT PENSIONS PLANS**

**A. School Employees Retirement System of Ohio (SERS Ohio)**

The Academy did not have any employees during the period of operation that contributed to the School Employees Retirement System.

**B. State Teachers Retirement System (STRS Ohio)**

**Plan Description** - The Academy participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

**Plan Options** - New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. 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 DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

**LEADERSHIP ACADEMY OF MATHEMATICS AND SCIENCE OF COLUMBUS  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE PERIOD JULY 1, 2011 THROUGH APRIL 6, 2012**  
**(Continued)**

**6. DEFINED BENEFIT PENSIONS PLANS (Continued)**

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor 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** - For fiscal year 2012, plan members were required to contribute 10 percent of their annual covered salaries. The Academy was required to contribute 14 percent; 13 percent was the percent used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the period ended April 6, 2012 was \$2,930, which is equal to 100 percent that has been contributed for fiscal year 2012. There were no contributions to the DC and Combined Plans for fiscal year 2012.

**7. POST EMPLOYMENT BENEFITS**

**A. School Employee Retirement System (SERS Ohio)**

The Academy did not have any employees during the period of operation that contributed to the School Employees Retirement System.

**B. State Teachers Retirement System (STRS Ohio)**

**Plan Description** - The Academy contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://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 2012, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The Academy's contribution for health care for the period ended April 6, 2012 was \$209; 100 percent has been contributed for fiscal year 2012.

**LEADERSHIP ACADEMY OF MATHEMATICS AND SCIENCE OF COLUMBUS  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE PERIOD JULY 1, 2011 THROUGH APRIL 6, 2012**  
**(Continued)**

**8. CONTINGENCIES**

**A. Grants**

The Academy received financial assistance from state agencies in the form of grants. Amount received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, in the opinion of the Academy, any such adjustments will not have a material adverse effect on the financial position of the Academy.

**B. Litigation**

There are currently no matters in litigation with the Academy as defendant.

**C. Full-Time Equivalency**

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

**9. SPONSOR CONTRACT**

The Academy contracted with Educational Service Center of Central Ohio as its Sponsor and oversight services as required by law. For the period ended April 6, 2012, the total sponsorship fees billed to the Academy totaled \$4,094.

**10. CEASED OPERATIONS**

On April 6<sup>th</sup>, 2012, the Sponsor ordered that the Academy be closed.

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# Dave Yost • Auditor of State

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

Leadership Academy of Mathematics and Science of Columbus  
Franklin County  
c/o Educational Service Center of Central Ohio  
2080 Citygate Drive  
Columbus, Ohio 43219

To The Sponsor:

We were engaged to audit the financial statements of the Leadership Academy of Mathematics and Science of Columbus, Franklin County, Ohio (the Academy) as of and for the period July 1, 2011 through April 6, 2012, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated September 22, 2014. We disclaimed an opinion upon the financial statements because management did not provide written representations, or provide sufficient evidential matter to support approximately 8.3% of expenditures, and the financial statements did not include an accrued liability and related expenses for \$43,672. The Academy ceased operations on April 6, 2012.

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

As part of our engagement to audit the financial statements, 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weakness.

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 a 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. We consider finding 2012-010 described in the accompanying schedule of findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2012-005 described in the accompanying schedule of findings to be a significant deficiency.

Leadership Academy of Mathematics and Science of Columbus

Franklin County

Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters

Required by *Government Auditing Standards*

Page 2

### ***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, providing an opinion on compliance with those provisions was not an objective of our engagement and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2011-001 through 2011-009. Additionally, if the scope of the work had been sufficient to enable us to express opinions on the basic financial statements, other instances of noncompliance or other matters may have been identified and reported herein.

### ***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 engagement to 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.



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

September 22, 2014

**LEADERSHIP ACADEMY OF MATHEMATICS AND SCIENCE OF COLUMBUS  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE PERIOD JULY 1, 2011 THROUGH APRIL 6, 2012**

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

**FINDING NUMBER 2012-001**

**Proper Public Purpose – Unsupported Financial Transactions  
Finding for Recovery Repaid Under Audit**

**Ohio Rev. Code Section 3314.03 (A) (11)(d)** requires that each contract entered into between a sponsor and the governing authority of a community school shall specify that the school will comply with Section 149.43 of the Ohio Rev. Code. Ohio Rev. Code Section 149.43 (B) provides, in part, that all public records shall be promptly prepared and made available for inspection at all reasonable times during regular business hours. In order to facilitate broader access to public records, public offices shall maintain public records in a manner that they can be made available for inspection in accordance with this division.

***State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951)***, provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a “proper public purpose” rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. **Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper Public Purpose** states that the Auditor of State’s Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

Management expended public funds for which original supporting documentation was not maintained, such as invoices. For the period July 1, 2011 through April 6, 2012, we noted \$10,496 of expenses that lacked such adequate support. Of this total, \$9,308 was attributable to cash withdrawals or debit card transactions for which no supporting documentation was provided to the Academy’s treasurer.

Without appropriate documentation it is not possible to determine if expenditures included items that would not be considered expended for a proper public purpose. Additionally, the failure to maintain adequate support for revenues and expenditures results in a loss of accountability over the Academy’s finances, making it difficult to identify errors which could go undetected, and could result in expenditures that are not for a proper public purpose, or revenue and expenditure transactions that are not properly classified in the financial statements.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public monies illegally expended, is hereby issued against Andre Tucker, Superintendent, in the amount of \$10,496 and in favor of the Ohio Department of Education in the amount of \$10,496.

On October 14, 2014 former Academy Treasurer Dave Massa repaid the entire \$10,496 issued against Mr. Tucker to the Treasurer of State of Ohio. It was received by the Ohio Department of Education’s Office of Community Schools.

**LEADERSHIP ACADEMY OF MATHEMATICS AND SCIENCE OF COLUMBUS  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE PERIOD JULY 1, 2011 THROUGH APRIL 6, 2012  
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2012-002**

**Interest in a Public Contract  
Material Non-Compliance**

**Ohio Rev. Code Section 2921.42(A)(4)**, provides that no public official shall knowingly have an interest in the profits or benefits of a public contract entered into by or for the use of the political subdivision or governmental agency or instrumentality with which the public official is connected.

A "public official" is defined in Ohio Rev. Code Section 2921.01(A), as any elected or appointed officer, or employee, or agent of the state or any political subdivision, whether in a temporary or permanent capacity, and includes, but is not limited to, legislators, judges, and law enforcement officers.

Ohio Rev. Code, Section 2921.42(C), provides that Ohio Rev. Code, Section 2921.42, does not apply if all of the following four requirements are met:

- Goods or services are necessary;
- Goods or services are part of a continuing course of dealing or unobtainable elsewhere for same or lower cost;
- Preferential or same treatment as others; and
- The transaction is conducted at an arm's length.

The Academy paid the Hope Foundation \$35,112 during the period ended April 6, 2012 for services rendered. This foundation was created by the Academy's Superintendent Andre Tucker. There is no indication that the exception applies to this situation.

This matter will be referred to the Ohio Ethics Commission.

**FINDING NUMBER 2012-003**

**Accounting for Student Enrollment  
Material Non-Compliance**

**Ohio Rev. Code §3314.08 and Ohio Admin. Code 3301-29-01** require the governing authority of each community school to periodically report the number of students enrolled. Community schools are funded on an annualized per-pupil foundation allocation.

**Ohio Rev. Code Section 3301.0714** provides that each community school is responsible for reporting information to the Ohio Department of Education (ODE), such as students' grades, number of students with disabilities, expulsion, and suspension.

Additionally, Article IV-D of the Sponsorship Agreement states that the location and address of all students served by the school will be available to the sponsor and the Ohio Department of Education at all times.

Because of these requirements it was vital that the Academy have policies and procedures in place to assist management in the ongoing tracking and reporting of student enrollment and attendance, as this information directly affects the amount of State Foundation monies allocated to the Academy.

**LEADERSHIP ACADEMY OF MATHEMATICS AND SCIENCE OF COLUMBUS  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE PERIOD JULY 1, 2011 THROUGH APRIL 6, 2012  
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2012-003 (Continued)**

**Accounting for Student Enrollment  
Material Non-Compliance (Continued)**

The Academy reported that thirty-five students had enrolled for various timeframes between July 1, 2011 and April 6, 2012 but management only maintained twenty-three student files, and we noted the following per review of those files:

- Twenty-two student files either lacked a records release form, or if one was present it was not signed by the student's parent;
- Twenty-three student files did not contain an enrollment form;
- None of the files contained records from the students' prior schools;
- Twelve student files lacked a withdrawal form;
- Management could not provide any attendance sheets;

Deficiencies such as those above could affect the accuracy of the number of enrolled students reported to ODE by the Academy. For example, the Academy's failure to properly document when students enrolled has a direct effect on the amount of State Foundation allocated to the Academy; in those instances the Academy could be receiving funding for students who have not yet officially enrolled.

Based on data submitted by the Academy to ODE, the Academy was overpaid \$43,672 in foundation payments for the period July 1, 2011 through April 6, 2012, when the Academy closed. This was based on inaccurate FTE child count reports. The Academy's accounting records and financial statements did not include this accrued liability. See also Finding 2012-010.

The Academy should have established internal controls which facilitated standard information student files must contain, and periodic review and approval of student files. The Academy should have also had internal controls in place to ensure accurate reporting of enrollment and attendance levels, which directly affected its foundation allocations received.

**FINDING NUMBER 2012-004**

**Five-Year Forecast  
Material Non-Compliance**

Pursuant to **Ohio Rev. Code Section 3314.03(A)(11)(d)** the Academy shall comply with **Ohio Rev. Code Section 5705.391**.

Pursuant to **Ohio Rev. Code Section 5705.391**, as amplified by **Ohio Admin. Code Section 3301-92-04**, community schools must submit five-year projections of operational revenues and expenditures by October 31st of each year to the Ohio Department of Education. The Academy's assumptions in the Forecast should be reasonable and the projections should correlate to the assumptions documented.

While the Academy submitted a five year forecast to the Ohio Department of Education by the required date, the five year forecast assumptions did not illustrate how past results and future expectations were reflected in the forecasted amounts. The Academy projected unreasonably high state foundation and federal grant revenues are based on unreasonable and inaccurate FTE child count-equivalents.

**LEADERSHIP ACADEMY OF MATHEMATICS AND SCIENCE OF COLUMBUS  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE PERIOD JULY 1, 2011 THROUGH APRIL 6, 2012  
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2012-004 (Continued)**

**Five-Year Forecast (Continued)  
Material Non-Compliance (Continued)**

Failure to develop a supported five year forecast results in a failure to plan for financial operations and results of the School and an inability for monitoring agencies to ensure proper tracking of the Academy's financial plan and funding status.

The Academy should have provided supportable assumptions and revised the five year forecast if any new material revenues or expenditures occurred. The Academy also should have prepared an annual budget with appropriations and estimated receipts. The Board of Trustees should monitor the budget monthly to ensure the Academy did not overspend and have modified such forecasting tools when events occurred that significantly affected the underlying assumptions.

**FINDING NUMBER 2012-005**

**Board of Trustees  
Material Non-Compliance/Significant Deficiency**

**Ohio Admin. Code Sections 117-2-01(D)(3) & (5)** provide, in part, that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records. Monitoring is one of five vital interrelated internal control components and comprises regular management activities established to oversee whether management's financial objectives are being achieved. System generated reports serve as a useful means of accomplishing monitoring activities. It was the responsibility of the Academy's treasurer, management, and those charged with governance to design, implement, monitor, and identify deficiencies in the internal control environment.

**Ohio Rev. Code Sections 149.43(B)(1) and (2)** provide that all public records shall be promptly prepared and made available to any member of the general public at all reasonable times during regular business hours for inspection. Upon request, a person responsible for public records shall make copies available at cost, within a reasonable period of time. In order to facilitate broader access to public records, public offices shall maintain public records in such a manner that they can be made available for inspection. Additionally, Ohio Rev. Code Section 121.22(C) provides the minutes of a regular or special meeting of any such public body shall be promptly recorded and open to public inspection. The minutes need only reflect the general subject matter of discussions in executive sessions.

Article IV-R3 of the Sponsorship agreement dated May 13, 2011 states, that the school shall comply with the policies and procedures regarding internal financial controls of the school and shall comply with the requirements and procedures for financial audits by the Auditor of State, as set forth in the Financial Plan.

The Academy did not have an effective monitoring control process established over the financial activity recorded on the Academy's ledgers or reported in its financial statements which would enable those charged with governance and management to provide sound fiscal governance. The Board and management did not regularly review budget and actual system-generated financial reports and measure actual results against budgeted objectives. This was exacerbated by the fact that the Board experienced high turnover of board members for the nine month period the Academy was in operation.

**LEADERSHIP ACADEMY OF MATHEMATICS AND SCIENCE OF COLUMBUS  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE PERIOD JULY 1, 2011 THROUGH APRIL 6, 2012  
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2012-005 (Continued)**

**Board of Trustees (Continued)**

**Material Non-Compliance/Significant Deficiency (Continued)**

Additionally, during the period the Academy was in operation the Academy's Superintendent served on the Board of Trustees. However, ideally individuals who are responsible for the day to day operations of an organization do not serve on its board since they are accountable to the board for their performance.

Contrary to the public records requirement above, Board Minutes were not documented and maintained for the board meetings held September 2, 2011, March 15, 2012 or March 22, 2012.

The Academy should have implemented a system of internal controls to properly monitor financial transactions and reporting to ensure financial information accurately reflected the activity of the Academy and the preparation of complete and accurate financial statements. The Academy also should have ensured segregation between management and the Board, and should have ensured complete and accurate board minutes were prepared and maintained.

**FINDING NUMBER 2012-006**

**Treasurer Bonding**

**Material Non-Compliance**

**Ohio Admin. Code Section 117-6-07** requires the fiscal officer to execute a bond prior to entering upon the duties of the fiscal officer as provided for in Ohio Rev. Code Section 3314.011. The bond amount and surety is to be established by a resolution of the governing authority.

The Academy's Treasurer was not bonded during the period ended April 6, 2012. Failure to obtain a bond for the Treasurer may result in the Academy being exposed to liabilities or theft or error by the Academy's Treasurer in the event of a loss from the occurrence of such.

The Academy should have directed the Treasurer to execute a bond in an amount approved by the Board of Trustees.

**FINDING NUMBER 2012-007**

**Sponsorship Agreement**  
**Material Non-Compliance**

The Academy entered into a Sponsorship Agreement with the Educational Service Center of Central Ohio ("Sponsor") on May 13, 2011. Section I of the agreement states that the governing authority of the school shall be the Leadership Academy for Mathematics and Science Governing Board of Trustees ("Board"), which shall have no fewer than five and no more than ten voting members.

Section IV-G of the agreement states that the Academy shall provide learning opportunities to a minimum of twenty-five students.

**LEADERSHIP ACADEMY OF MATHEMATICS AND SCIENCE OF COLUMBUS  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE PERIOD JULY 1, 2011 THROUGH APRIL 6, 2012  
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2012-007 (Continued)**

**Sponsorship Agreement**

**Material Non-Compliance (Continued)**

Section VI-U2 states that the Academy shall submit an annual report of its activities and progress in meeting academic goals as contained in the Educational Plan and the performance standards as contained in the Assessment and Accountability Plan to the Sponsor, the parents of all students enrolled in the school, and the legislative office of education oversight. The school shall collect and provide any data that the legislative office of education oversight requests in furtherance of any study or research that the general assembly requires the office to conduct.

We noted the following non-compliance with the Sponsorship Agreement:

- In February 2012, the Board was comprised of only four members.
- Throughout the period ended April 6, 2012, the Academy failed to maintain at least twenty five students.
- For the period ended April 6, 2012, the Academy did not provide the required reports and information requested by the sponsor in a timely manner. For example, in the Sponsor's fall 2011 onsite monitoring report the Sponsor noted the Academy had provided less than half of the required documents regarding policies and procedures, with some of those submitted late.

The Academy's management should have ensured adequate controls were in place to comply with the above requirements of the Sponsorship Agreement.

**FINDING NUMBER 2012-008**

**Teacher Certification**

**Material Non-Compliance**

**Ohio Rev. Code Section 3314.03 (A)(10)** requires that all community school classroom teachers be licensed in accordance with Ohio Rev. Code Sections 3319.22 to 3319.31, except that a community school may engage non-certificated persons to teach up to twelve hours per week pursuant to Ohio Rev. Code 3319.301. A permit must be issued by the Ohio Department of Education (ODE) to these "non-certificated" persons in order to teach.

During eleven weeks from January-March 2012, the Academy had only one teaching employee, and the employee was only certified to teach integrated social studies and therefore could not serve the needs of all students. Additionally there was no evidence that ODE had issued a permit for this individual, as described above, to teach in other disciplines.

The Academy should have implemented procedures to verify that all teaching staff was properly certified in the State of Ohio or had a permit issued by ODE allowing them to teach up to twelve hours per week without licensure prior to the hiring of the employees. The Academy should have also ensured employment of appropriate teaching staff to meet the needs of all students.

**LEADERSHIP ACADEMY OF MATHEMATICS AND SCIENCE OF COLUMBUS  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE PERIOD JULY 1, 2011 THROUGH APRIL 6, 2012  
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2012-009**

**Community School Closing Procedures Assurances  
Material Non-Compliance**

**Ohio Rev. Code Section 3314.015(E)** provides that the Ohio Department of Education (ODE) shall adopt procedures for use by a community school governing authority and sponsor when the school permanently closes and ceases operations, which shall include at least procedures for data reporting to the department, handling of student records, distribution of assets in accordance with section 3314.074 of the Revised Code, and other matters related to ceasing operation of the school.

The Ohio Department of Education's *Community School Closing Procedures Assurances* provides a list of actions that must be taken when a community school closes, such as notifying ODE, and parents, and disposing of assets, providing all records to the school's sponsor, and other matters. This document is in the form of a checklist that management and the sponsor can use to track when each required step is completed.

There was no evidence that the Academy or the Sponsor followed the above Community School Closing procedures when the Academy closed. The Sponsor should contact the Ohio Department of Education to rectify any outstanding items associated with the closing of the Academy.

**LEADERSHIP ACADEMY OF MATHEMATICS AND SCIENCE OF COLUMBUS  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE PERIOD JULY 1, 2011 THROUGH APRIL 6, 2012  
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2012-010**

**Audit Evidence / Financial Statement Reporting  
Material Weakness**

Management was unable to provide sufficient audit evidence to support over 8.3% of the expenses reported on the Academy's financial statements. Additionally, as discussed in Finding 2012-003 the Academy's financial statements did not include an accrued liability and related expenses of \$43,672.

The Treasurer provided copies of invoices he maintained to support a portion of the Academy's expenditures. However as described in Finding 2012-001 there were several expenditures and cash withdrawals which lacked support sufficient to determine proper public purpose, and whether the expenditures were properly classified within the Academy's financial statements.

Furthermore, management did not provide the Auditor of State certain written representations required by Auditing standards generally accepted in the United States of America (AU-C Section 580) and standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. AU-C Section 580 defines management as being those parties responsible for and knowledgeable about the matters covered by the representations including the preparation and fair presentation of the financial statements. In the case of the Academy the Superintendent would be considered the chief executive officer and the Treasurer the chief financial officer. The Treasurer was the only party available to provide written representations. The Superintendent and the Board of Trustees did not provide written representations.

Failure to provide sufficient audit evidence, adjust the financial statements for the accrued liability and provide required representations resulted in a disclaimer of opinion on the financial statements in the Independent Accountants' Report.

We recommend the Academy maintain audit evidence to support the amounts recorded in their accounting records and reported on the financial statements as well as develop policies and procedures for maintaining and reviewing this evidential support. The Academy should also review the financial statements to determine if all activity has been posted and they are not materially misstated as well as review the requirements noted above for the required representations.

**Officials' Responses**

We did not receive a response from Officials to the findings reported above.



# Dave Yost • Auditor of State

## LEADERSHIP ACADEMY OF MATHEMATICS AND SCIENCE OF COLUMBUS 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.

A handwritten signature in cursive script that reads "Susan Babbitt".

CLERK OF THE BUREAU

CERTIFIED  
JUNE 5, 2015