



Dave Yost • Auditor of State

**UTICA SHALE ACADEMY OF OHIO
COLUMBIANA COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Utica Shale Academy of Ohio
Columbiana County
2023 Sunset Boulevard
Steubenville, Ohio 43952

To the Governing Board:

Report on the Financial Statements

We have audited the accompanying financial statements of Utica Shale Academy of Ohio, Columbiana County, Ohio (the Academy), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Academy's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Academy's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Utica Shale Academy of Ohio, Columbiana County, Ohio, as of June 30, 2015, and the changes in financial position and cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 14, 2016, on our consideration of the Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

April 14, 2016

**UTICA SHALE ACADEMY OF OHIO
COLUMBIANA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

The management's discussion and analysis of the Utica Shale Academy (the "Academy") financial performance provides an overall review of the School's financial activities for the year ended June 30, 2015. 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 2015 are as follows:

- In total, net position was \$62,135 at June 30, 2015.
- The School had operating revenues of \$356,129, operating expenses of \$312,761 and non-operating revenues of \$18,767 for fiscal year 2015. Total change in net position for the fiscal year was an increase of \$62,135.

Using the Basic Financial Statements

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

Reporting the Academy's Financial Activities

These documents look at all financial transactions and ask the question, "How did we do financially during 2015?" The statement of net position and statement of revenues, expenses and changes in net position answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Academy's net position and changes in that position. 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 causes of this change may be the result of many factors, some financial, some not. These statements can be found on pages 6 and 7 of this report.

The statement of cash flows provides information about how the Academy finances and meets the cash flow needs of its operations. The statement of cash flows can be found on page 8 of this report.

**UTICA SHALE ACADEMY OF OHIO
COLUMBIANA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015
(UNAUDITED)

The table below provides a summary of the Academy's net position for fiscal year 2015. Since this is the Academy's first year of operation, comparative information is not available.

Net Position

	2015
<u>Assets</u>	
Current assets	\$ 88,159
Total assets	88,159
<u>Liabilities</u>	
Current liabilities	26,024
Total liabilities	26,024
<u>Net Position</u>	
Unrestricted	62,135
Total net position	\$ 62,135

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2015, the Academy's net position ended with \$62,135, all of which was unrestricted.

The table below shows the changes in net position for fiscal year 2015. Since this is the Academy's first year of operation, comparative information is not available.

Change in Net Position

	2015
<u>Operating Revenues:</u>	
State foundation	\$ 353,020
Other	3,109
Total operating revenue	356,129
<u>Operating Expenses:</u>	
Personal services	6,969
Purchased services	238,485
Materials and supplies	26,298
Other	41,009
Total operating expenses	312,761
<u>Non-operating Revenues:</u>	
Grants and subsidies	18,767
Total non-operating revenues	18,767
Change in net position	62,135
Net position at beginning of year	-
Net position at end of year	\$ 62,135

**UTICA SHALE ACADEMY OF OHIO
COLUMBIANA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

The Academy's activities are funded primarily from the state foundation program which provides funding based on a per pupil formula. Unlike traditional schools within the State of Ohio, community schools receive no support from the local community in the form of property taxes. Therefore, intergovernmental revenues from the state foundation program and specific educational federal and state grants are the only consistent revenue sources for the Academy. Revenue from the foundation program totaled \$353,020 in fiscal year 2015 and is based on the number of students served by the Academy using the State of Ohio's per pupil funding amount. Revenue from the foundation program is 94.16% of total revenues received by the Academy. Intergovernmental revenue (foundation program plus federal and state educational specific grants) are 99.17% of the total revenues reported by the Academy. It is clear the Academy is financially dependent on the State of Ohio continuing to fund community schools in a consistent manner from one year to the next.

Purchased services are the largest expense to the School. Purchased services expenses primarily include payments made to Jefferson County Educational Service Center as outlined in Note 9 to the basic financial statements.

Capital Assets

At June 30, 2015, the Academy had no capital assets.

Current Financial Related Activities

The Academy will strive to continue its success in future years and will continuously look for ways to enhance the student learning process.

The Academy's management must plan carefully and prudently to provide the resources to meet student needs over the next several fiscal years. Financially, the future is not without challenges.

Contacting the Academy's Financial Management

This financial report is designed to provide our clients and creditors with a general overview of the Academy's finances and to show the Academy's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Don Donahue, Treasurer, at Jefferson County ESC, 2023 Sunset Boulevard, Steubenville, Ohio 43952.

**UTICA SHALE ACADEMY
COLUMBIAPC COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2015

Assets:	
Current assets:	
Equity in pooled cash and cash equivalents	\$ 88,159
Total assets.	<u>88,159</u>
Liabilities:	
Current liabilities:	
Accounts payable.	1,791
Intergovernmental payable	<u>24,233</u>
Total liabilities	<u>26,024</u>
Net position:	
Unrestricted.	<u>62,135</u>
Total net position.	<u>\$ 62,135</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**UTICA SHALE ACADEMY
COLUMBIANA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Operating revenues:	
Foundation revenue	\$ 353,020
Other	3,109
Total operating revenues	<u>356,129</u>
Operating expenses:	
Salaries and wages.	4,818
Fringe benefits.	2,151
Purchased services.	238,485
Materials and supplies	26,298
Other.	41,009
Total operating expenses.	<u>312,761</u>
Operating income	<u>43,368</u>
Non-operating revenues:	
Grants and subsidies.	18,767
Total nonoperating revenues	<u>18,767</u>
Change in net position	62,135
Net position at beginning of year.	<u>-</u>
Net position at end of year	<u><u>\$ 62,135</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**UTICA SHALE ACADEMY
COLUMBIANA COUNTY, OHIO**

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Cash flows from operating activities:	
Cash received from state foundation	\$ 355,435
Cash received from other operations	3,109
Cash payments for salaries and wages.	(4,800)
Cash payments for fringe benefits	(2,151)
Cash payments for contractual services	(215,019)
Cash payments for materials and supplies	(26,298)
Cash payments for other expenses	(40,884)
	69,392
Net cash provided by operating activities	
	69,392
Cash flows from noncapital financing activities:	
Cash received from grants and subsidies.	18,767
	18,767
Net cash provided by noncapital financing activities.	
	18,767
Net increase in cash and cash equivalents	88,159
Cash and cash equivalents at beginning of year	-
Cash and cash equivalents at end of year	\$ 88,159
 Reconciliation of operating loss to net cash provided by operating activities:	
Operating income	\$ 43,368
Changes in assets and liabilities:	
Increase in accounts payable	1,791
Increase in intergovernmental payable	24,233
	26,024
Net cash provided by operating activities.	\$ 69,392

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**UTICA SHALE ACADEMY OF OHIO
COLUMBIANA COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR FISCAL ENDED JUNE 30, 2015

NOTE 1 - DESCRIPTION OF THE ACADEMY

The Utica Shale Academy (the “Academy”) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The Academy is an approved tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect the Academy’s tax-exempt status. The Academy specializes in an innovative high school curriculum that will serve as a leading institution for all students who seek to explore, develop and enhance career opportunities as well as further advance their education. The Academy, which is part of the State’s education program, is nonsectarian in its programs, admission policies, employment practices and all other operations. The Academy may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the Academy.

On March 4, 2014, the Academy, was approved under contract with Jefferson County Educational Service Center (the “Sponsor”) commencing on July 1, 2014 and ending on June 30, 2019. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration.

The Academy has entered into purchased service agreements with Jefferson County Educational Service Center to provide various purchased services to the Academy. Terms of the purchased service agreements are further described in Note 9.

The Academy operates under the direction of a self-appointed five-member Board of Directors. 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The Academy uses enterprise accounting to report on its financial activities. Enterprise accounting focuses on the determination of operating income, changes in net position, financial position and cash flows. Enterprise accounting may be used to account for any activity for which a fee is charged to external users for goods and services.

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

**UTICA SHALE ACADEMY OF OHIO
COLUMBIANA COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR FISCAL ENDED JUNE 30, 2015

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

B. Measurement Focus and Basis of Accounting

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows, and all liabilities and deferred inflows are included on the statement of net position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total position. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

C. Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Academy, deferred outflows of resources have been reported for the following two items related the Academy's net pension liability: (1) the difference between expected and actual experience of the pension systems, and (2) the Academy's contributions to the pension systems subsequent to the measurement date.

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Academy, deferred inflows of resources include the net difference between projected and actual earnings on pension plan investments related to the Academy's net pension liability.

The Academy has no deferred inflows or outflows of resources to report at June 30, 2015

D. Budgetary Process

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Section 5705, except House Bill 364, which took effect April 8, 2003, added Ohio Rev. Code Section 3314.03 (11) (d), which states that community schools must comply with Ohio Rev. Code Section 5705.391. This requires each community school to submit to the Ohio Department of Education (ODE) a five year forecast no later than October 31 of each year.

E. Cash

All monies received by the Academy are deposited into a demand deposit account and is prepared on the financial statement as "cash and cash equivalents."

**UTICA SHALE ACADEMY OF OHIO
COLUMBIANA COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR FISCAL ENDED JUNE 30, 2015

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

F. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

G. Intergovernmental Revenue

The Academy currently participates in the State Foundation Program. Revenue from the State Foundation Program is recognized as operating revenue in the accounting period in which all eligibility requirements have been met. Amounts awarded under State Foundation Program for the 2015 school year, excluding all other federal and State grants, totaled \$353,020.

Revenues received from the remaining programs are recognized as non-operating revenues in the accompanying financial statements. Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. Eligibility includes timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Academy must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis. State and federal grants revenue for the fiscal year 2015 received was \$18,767.

H. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in the basic financial statements. These items are reported as assets on the statement of net position using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expense is reported in the year in which services are consumed. The Academy had no prepaids to report at June 30, 2015.

I. Estimates

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

**UTICA SHALE ACADEMY OF OHIO
COLUMBIANA COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR FISCAL ENDED JUNE 30, 2015

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

J. Capital Assets and Depreciation

All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market value on the date donated. The Academy maintains a capitalization threshold of \$5,000. The Academy does not have any infrastructure. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. The Academy had no capital assets to report at June 30, 2015.

NOTE 3 - DEPOSITS

At June 30, 2015, the carrying amount of all Academy deposits was \$88,159. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2015, the entire bank balance of \$93,261 was covered by the Federal Deposit Insurance Corporation (FDIC).

NOTE 4 - OPERATING LEASE

The Academy school facilities are located in a space leased at Southern Local School District. The lease agreement is with Southern Local School District for the period of February 10, 2014 through July 1, 2019. The base rental of the lease is \$100 per month. Payments totaling \$1,200 were made during fiscal year 2015. The minimum lease payments for fiscal years 2016-2019 are \$1,200 per year.

NOTE 5 - RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2015, the School was covered under the Sponsor's insurance policy for property and fleet insurance, liability insurance, crime, terrorism and automobile coverage.

NOTE 6 - PURCHASED SERVICES

For fiscal year ended June 30, 2015, purchased services expenses were as follows:

Professional and technical services	\$ 213,114
Property services	9,200
Travel, Mileage and Meetings	1,430
Communications	10,500
Contracted craft or trade services	914
Other purchased services	<u>3,327</u>
Total	<u>\$ 238,485</u>

**UTICA SHALE ACADEMY OF OHIO
COLUMBIANA COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR FISCAL ENDED JUNE 30, 2015

NOTE 7 - SPONSOR CONTRACT

The Academy entered into a five-year contract commencing on July 1, 2014 and continuing through June 30, 2019 with the Jefferson County Educational Service Center (the "Sponsor") for its establishment. The sponsor shall carry out the responsibilities established by law, including:

- Monitor the Academy's compliance with the laws applicable to the Academy and with the terms of this contract;
- Monitor and evaluate the academic and fiscal performance and the organization of the Academy on at least an annual basis;
- Provide reasonable technical assistance to the Academy in complying with this contract and with applicable laws (provided, however, the Sponsor shall not be obligated to give legal advice to the Academy);
- Take steps to intervene in the Academy's operation to correct problems in the Academy's overall performance, declare the Academy to be on probationary status under Ohio Revised Code Section 3314.073, suspend operation of the Academy pursuant to Ohio Revised Code Section 3314.072, or terminate or non-renew this contract pursuant to Ohio Revised Code Section 3314.07, as determined necessary by the Sponsor;
- Establish and/or require a plan of action to be undertaken if the Academy experiences financial difficulties or losses before the end of the school year;
- Provide in writing the annual assurances for the Academy no later than ten business days prior to the opening of the Academy, as required in Ohio Revised Code Section 3314.19;
- Abiding by the requirements in its contract with the Ohio Department of Education, even should those requirements affect the Academy and/or the Governing Authority; and
- The Sponsor shall not enter into any contracts with current vendors of the Governing Authority without proper notice to the Governing Authority.

For the services listed above, the Academy entered into a contract with the Sponsor for the oversight and monitoring of the Academy. The fee is equal to 3 percent of all funds received from the State. The Academy paid the Sponsor \$11,163 for these services. The Academy also paid fiscal fees of \$18,722 during fiscal year 2015.

**UTICA SHALE ACADEMY OF OHIO
COLUMBIANA COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR FISCAL ENDED JUNE 30, 2015

NOTE 8 - CONTINGENCIES

A. Grants

The School received financial assistance from federal and State agencies in the form of grants. The expense of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School at June 30, 2015.

B. Foundation Funding

The Ohio Department of Education (ODE) 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. As a result of the renewal after fiscal year end, the Academy owes \$2,415 to the Ohio Department of Education. This amount is reflected as an intergovernmental payable on the basic financial statements.

C. Litigation

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

NOTE 9 - SERVICE AGREEMENT

The Center is obligated under contractual agreement with the Sponsor to pay the following fees:

Technology Coordinator

The Academy is required to pay the Sponsor \$10 per student per month for the technology coordinator to perform the following services: maintain web page, ensure delivery of electronic curriculum, and maintain school owned and issued devices, assist in development of technology plan, and other duties as assigned by Academy Director.

Payment for Services

As consideration for providing the Staffing Services, the Academy shall pay the Sponsor \$10 per student per month. The Sponsor shall issue invoices to the Academy on a monthly basis, and each invoice shall be paid in full by the Academy within thirty (30) days of receipt thereof.



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*

Utica Shale Academy of Ohio
Columbiana County
2023 Sunset Boulevard
Steubenville, Ohio 43952

To the Governing Board:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Utica Shale Academy of Ohio, Columbiana County, (the Academy) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated April 14, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Dave Yost
Auditor of State
Columbus, Ohio

April 14, 2016



Dave Yost • Auditor of State

Independent Accountant's Report on Applying Agreed-Upon Procedures

Utica Shale Academy
Columbiana County
2023 Sunset Boulevard
Steubenville, Ohio 43952

To the Governing Board:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school.

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Utica Shale Academy (the Academy) has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board had not adopted an anti-harassment policy during fiscal 2015. However, it was noted a policy was adopted in fiscal year 2016.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and Academy's sponsor and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State
Columbus, Ohio

April 14, 2016

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Dave Yost • Auditor of State

UTICA SHALE ACADEMY OF OHIO

COLUMBIANA 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
MAY 12, 2016