



Dave Yost • Auditor of State



LIFELINKS COMMUNITY SCHOOL  
VAN WERT COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Directors:

We have audited the accompanying financial statements of LifeLinks Community School, Van Wert County, (the School), as of and for the year ended June 30, 2011, which collectively comprise the School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

Ohio Administrative Code § 117-2-03 (B) requires the School to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash financial position of the LifeLinks Community School, as of June 30, 2011, and the changes in cash financial position, thereof for the fiscal year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2012, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the School's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets and changes in net assets. These tables provide additional information, but are not part of the basic financial statements. However these tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including, comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with audit standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

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

March 15, 2012

**LIFELINKS COMMUNITY SCHOOL  
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)**

The management's discussion and analysis of LifeLinks Community School's (the "School") financial performance provides an overall view of the School's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2011 are as follows:

- 2011 was the first full fiscal year of operation for the School.
- In total, net assets were \$20,915 at June 30, 2011.
- The School had operating receipts of \$360,856 and operating disbursements of \$592,836 for fiscal year 2011. Total change in net assets for the fiscal year was an increase of \$13,861.
- The School received Federal and State Grants totaling \$245,645.

**Using this Annual Financial Report**

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

**Reporting the School's Financial Activities**

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

These documents look at all financial transactions and ask the question, "How did we do financially during fiscal year 2011?" The statement of net assets and the statement of receipts, disbursements and changes in cash basis net assets answer this question.

These two statements report the School's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School as a whole, the financial position of the School has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. These statements can be found on pages 7 and 8 of this report.

Table 1 provides a summary of the School's net assets at the end of the first fiscal year 2011. Fiscal year 2010 is not presented as the School was not in operation.

<b>Table 1</b>	
<b>Net Assets – Cash Basis</b>	
	<b>2011</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents	\$20,915
 <b>Net Assets:</b>	
Unrestricted	\$20,915

**LIFELINKS COMMUNITY SCHOOL  
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)  
(Continued)**

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

Table 2 shows the changes in net assets for the first fiscal year 2011.

**Table 2  
Changes in Net Assets**

	<b>2011</b>
<b>Operating Receipts:</b>	
State Foundation	\$360,527
Other Receipts	329
Total Operating Receipts	<u>360,856</u>
<b>Operating Disbursements:</b>	
Purchased Services	385,667
Materials and Supplies	45,952
Capital Outlay	160,711
Other	506
Total Operating Disbursements	<u>592,836</u>
<b>Non-Operating Receipts:</b>	
Federal and State Grants	245,645
Other	47
Interest Income	149
Total Non-Operating Receipts	<u>245,841</u>
Change in Net Assets	<u><u>\$ 13,861</u></u>

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

The dependence upon state foundation revenue for operating activities is apparent. Most of these monies were used for purchased services. The School's operating revenue is 59.5 percent of total receipts. State sources are by far the primary support for the LifeLinks Community School.

**Current Financial Related Activities**

The School is sponsored by the Van Wert City School District. The School relies on State Foundation Funds as well as the Federal Sub-Grants to provide the monies necessary to begin the start-up of an educational program designed to assist at-risk students while also delivering credit recovery services with an emphasis on the use of technology.

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

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



**LIFELINKS COMMUNITY SCHOOL  
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)  
(Continued)**

**Contacting the Community School's Financial Management**

This financial report is designed to provide our clients and creditors with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional information contact: Mr. Mike Ruen, Treasurer, LifeLinks Community School, 205 West Crawford Street, Van Wert, Ohio 45891.

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LIFELINKS COMMUNITY SCHOOL  
VAN WERT COUNTY

STATEMENT OF NET ASSETS - CASH BASIS  
JUNE 30, 2011

**Assets:**

**Current Assets:**

Equity in Pooled Cash and Cash Equivalents	<u>\$20,915</u>
Total Assets	<u>20,915</u>

**Net Assets:**

Unrestricted	<u>20,915</u>
Total Net Assets	<u><u>\$20,915</u></u>

*See accompanying notes to the basic financial statements.*

**LIFELINKS COMMUNITY SCHOOL  
VAN WERT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES  
IN CASH BASIS NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<b>Operating Receipts:</b>	
State Foundation	\$360,527
Other Receipts	329
Total Operating Receipts	<u>360,856</u>
<b>Operating Disbursements:</b>	
Purchased Services	385,667
Materials and Supplies	45,952
Capital Outlay	160,711
Other	506
Total Operating Disbursements	<u>592,836</u>
Operating Income	<u>(231,980)</u>
<b>Non-Operating Receipts:</b>	
Other	47
Interest	149
Federal and State Grants	245,645
Total Non-Operating Receipts	<u>245,841</u>
Change in Net Assets	13,861
Net Assets Beginning of Year (See Note 9)	<u>7,054</u>
Net Assets End of Year	<u><u>\$20,915</u></u>

*See accompanying notes to the basic financial statements.*

**LIFELINKS COMMUNITY SCHOOL  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY**

LifeLinks Community School (the "School") is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702 to address the needs of at-risk students in grades 6 through 12. The School, which is part of the State's education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School.

The School was approved for operation under a contract with the Board of Education of the Van Wert City School District (the Sponsor) for a period of five years commencing with fiscal year July 1, 2010 through June 30, 2015. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

The School's financial activity began on February 23, 2010, however the School did not receive state foundation monies until September 22, 2010. Prior to this date the School received \$50,000 of grant proceeds to cover their disbursements of \$42,946.

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

The School is considered a component unit of the Van Wert City School District ("the Sponsor") for reporting purposes, in accordance with Governmental Accounting Standard Board (GASB) Statement No. 14.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2.B, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The FASB has codified its standards and the standards issued prior to November 30, 1989 are included in the codification. Following are the more significant of the School's accounting policies.

**A. Basis of Presentation**

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

**LIFELINKS COMMUNITY SCHOOL  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**B. Basis of Accounting**

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

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

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

**C. Budgetary Process**

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

**D. Cash and Cash Equivalents**

Cash held by the School is reflected as "Equity in Pooled Cash and Cash Equivalents" on the statement of net assets. Investments with an original maturity of three months or less at the time they are purchased are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months are reported as investments. The School had no investments in fiscal year 2011.

**E. Inventory and Prepaid Items**

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

**F. Capital Assets and Depreciation**

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

**G. Tax Exemption Status**

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

**LIFELINKS COMMUNITY SCHOOL  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**H. Intergovernmental Revenues**

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

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

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

**I. Operating Revenues and Expenses**

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

**J. Compensated Absences**

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

**K. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Directors and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2011.

**L. Net Assets**

Equity is classified as net assets and is displayed in separate components. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School applies restricted resources first when a cash disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

**LIFELINKS COMMUNITY SCHOOL  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**3. DEPOSITS**

According to State law, public depositories must give security for all uninsured public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of uninsured public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within 5 years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the School's name. During fiscal year 2011, the School and public depositories complied with the provisions of these statutes.

Custodial credit risk is the risk that, in the event of a bank failure, the School's deposits may not be returned. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the federal deposit insurance corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of public monies on deposit at the institution. The School's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

At June 30, 2011, the carrying amount of the School's deposits was \$20,915. The entire bank balance of \$22,290 was covered by Federal Deposit Insurance Corporation. There are no significant statutory restrictions regarding the deposit and investment of funds by the School.

**4. PURCHASED SERVICES**

For fiscal year ended June 30, 2011, purchased service disbursements were as follows:

	<b>2011</b>
Professional Services	\$365,465
Travel, Mileage and Meetings	20,202
Total	<u>\$385,667</u>

**5. SERVICE CONTRACTS**

**A. Northwest Ohio Area Computer Services Cooperative**

During fiscal year ended June 30, 2011, the School utilized the services of Northwest Ohio Area Computer Services Cooperative for instructional, administrative and technical services required for the operation of the School. The amount paid during the audit period was included in the charges paid to the Sponsor.

**B. Van Wert City School District**

The Community School Sponsorship Contract between the School and Van Wert City School District (the "Sponsor") outlined the specific payments to be made by the School to the Sponsor during fiscal year 2011. In addition, the Community School Sponsorship Contract stated that the two parties agreed to pay other mutually agreed upon amounts, including fees for any services provided to the School by the Sponsor. The School paid the Sponsor \$365,465 during fiscal year 2011 for professional and technical services. As of June 30, 2011, the School owed a balance of \$77,656 to the Sponsor for services received.



**LIFELINKS COMMUNITY SCHOOL  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**6. RISK MANAGEMENT**

The School is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets: errors and omissions: injuries to employees: and natural disasters. For the fiscal year ended June 30, 2011, the School contracted with Ohio Casualty. Settled claims did not exceed coverage during the fiscal year. There has been no reduction in coverage.

**7. OPERATING LEASE**

On August 18, 2010 the School entered into a two year lease agreement with Trinity Friends Church, an Ohio non-profit corporation, for the use of classrooms, offices, and other facilities. The contracted monthly lease amount was \$2,500. Required future lease payments for the remaining term of the lease are \$35,000 for July 2011 through August 2012.

**8. CONTINGENCIES**

**A. Grants**

The School received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the School. 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, 2011.

**B. Full-Time Equivalency**

The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. Upon final review of the state funding in 2011, it was found that the State underpaid the School by \$5,455 which will be paid to the School during fiscal year 2012.

**9. START UP FUNDING AND NET ASSETS**

LifeLinks was awarded a total of \$305,000 in Federal grants payable over three years and restricted for start-up funding, of which \$50,000 was received in fiscal year 2010 and \$214,902 was received in fiscal year 2011. This money was used for the purchase of classroom materials, equipment, and training for the officials.

At the fiscal year end June 30, 2010, LifeLinks had net assets in the total amount of \$7,054. These net assets were comprised of the following:

Federal Grant Funds	\$50,000
Less total start up expense incurred for the period ending June 30, 2010	<u>42,946</u>
Net assets - June 30, 2010	<u>\$ 7,054</u>

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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*

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

To the Board of Directors:

We have audited the financial statements of LifeLinks Community School, Van Wert County, (the School) as of and for the year ended June 30, 2011, which collectively comprise the School's basic financial statements and have issued our report thereon dated March 15, 2012 wherein we noted the School uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

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

In planning and performing our audit, we considered the School's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the School's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the School's internal control over financial reporting.

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 more than a reasonable possibility that a material misstatement of the Government's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of reasonably assuring whether the School's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2011-01.

We also noted certain matters not requiring inclusion in this report that we reported to the School's management in a separate letter dated March 15, 2012.

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

We intend this report solely for the information and use of management, Board of Directors, Van Wert City School District (the Sponsor), and others within the School. We intend it for no one other than these specified parties.



**Dave Yost**  
Auditor of State

March 15, 2012

LIFELINKS COMMUNITY SCHOOL  
VAN WERT COUNTY

SCHEDULE OF FINDINGS  
JUNE 30, 2011

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

**FINDING NUMBER 2011-01**

**Noncompliance**

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

**Ohio Adm. Code Section 117-2-03(B)** requires the School to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP). However, the School prepares its financial statements in accordance with standards established by the Auditor of State for governmental entities not required to prepare annual reports in accordance with generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38, the School may be fined and subject to various other administrative remedies for its failure to file the required financial report.

To order to present financial statement that present assets, liabilities and the disclosures required to accurately present the School's financial condition, the School should prepare its annual financial statements in accordance with generally accepted accounting principles.

**OFFICIALS RESPONSE:**

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

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# Dave Yost • Auditor of State

## Independent Accountants' Report on Applying Agreed-Upon Procedure

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

To the Board of Directors:

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 procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether LifeLinks Community School (the School) has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedure 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.
2. We inquired with the Board's management regarding the aforementioned policy. They stated they have not yet adopted an anti-harassment policy. The Board should adopt a policy as required by Ohio Rev. Code 3313.666.

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 School'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

March 15, 2012

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# Dave Yost • Auditor of State

LIFELINKS COMMUNITY SCHOOL

VAN WERT COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
MAY 8, 2012