



Dave Yost • Auditor of State

**LIFE LINKS COMMUNITY SCHOOL
VAN WERT COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the LifeLinks Community School, Van Wert, Ohio (the Community School), as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Community School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the LifeLinks Community School, Van Wert County, Ohio, as of June 30, 2017 and 2016, and the respective changes in cash financial position, thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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

Emphasis of Matter

As disclosed in Note 11, the Community School ceased its operations effective June 30, 2017. We did not modify our opinion regarding this matter.

Other Matters

Other Information

We applied no procedures to management's discussion & analysis, as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2018, on our consideration of the Community School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Community School's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

June 26, 2018

LifeLinks Community School
Van Wert County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

The management's discussion and analysis of LifeLinks Community School's (the "Community School") financial performance provides an overall view of the Community School's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the Community 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 Community School's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2017 are as follows:

- In total, net position was \$0 at June 30, 2017, which is a decrease of \$3,866.
- The Community School had operating receipts of \$520,075 and operating disbursements of \$599,232 for fiscal year 2017.
- Effective June 30, 2017, the Board has closed operations of the Community School.

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 Community School's financial activities. The statement of receipts, disbursements and change in cash basis net position provides information about the activities of the Community School, including how services were financed in the short-term and what remains for future spending.

Reporting the School's Financial Activities

Statement of Receipts, Disbursements and Change in Cash Basis Net Position

This document looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2017?" The statement of receipts, disbursements and change in cash basis net position answers this question.

This statement reports the Community School's change in net position. This change in net position is important because it tells the reader that, for the Community School as a whole, the financial position of the Community School has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. This statement can be found on page 7 of this report.

LifeLinks Community School
Van Wert County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)
(Continued)

Table 1 provides a summary of the School's net position for fiscal year 2017 compared to 2016:

Table 1
Net Position – Cash Basis

	2017	2016
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 0	\$ 3,866
Net Position		
Restricted for Other Purposes	0	147
Unrestricted	0	3,719
<i>Total Net Position</i>	\$ 0	\$ 3,866

Over time, net position can serve as a useful indicator of a government's financial position. Table 2 shows the change in net position for fiscal years 2017 and 2016:

Table 2
Change in Net Position

	2017	2016
Operating Receipts		
State Foundation	\$516,671	\$504,467
State Distributed Casino	3,303	4,084
Other Receipts	101	3,201
<i>Total Operating Receipts</i>	520,075	511,752
Operating Disbursements		
Purchased Services	586,676	514,592
Materials and Supplies	6,355	8,490
Capital Outlay	0	10,948
Other	6,201	14,687
<i>Total Operating Disbursements</i>	599,232	548,717
Non-Operating Receipts		
Federal and State Grants	74,221	40,085
Interest	114	136
Other	472	589
Proceeds from Sale of Assets	484	0
<i>Total Non-Operating Receipts</i>	75,291	40,810
<i>Change in Net Position</i>	\$ (3,866)	\$ 3,845

LifeLinks Community School
Van Wert County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)
(Continued)

An increase of \$34,136 in federal grants is due to timing of drawdowns of 2016 grants drawn down during fiscal year 2017. The increase in purchased services is due to disposition of all cash to make final payments for goods and services in order to prepare for closing of the Community School. The decrease of \$10,948 in capital outlay is the result of the Community School not investing in capital outlay purchases since closing operations.

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

The dependence upon state foundation revenue for operating activities is apparent. Most of these monies were used for purchased services. The Community School's operating revenue is 87 percent of total receipts. State sources are by far the primary support for the Community School.

Current Financial Related Activities

The Community School is sponsored by the Van Wert City School District and is designed to assist at-risk students while also delivering credit recovery services with an emphasis on the use of technology. The Community School relies on State Foundation Funds as well as being eligible to receive Title I, Title II-A, and IDEA Part-B Special Education Federal funds.

An Agreed Order of Settlement entered into on May 25, 2017 by the Ohio Department of Education and LifeLinks Community School sponsor, Van Wert City School District, that LifeLinks Community School would close on or before midnight of June 30, 2017. Any future receipts or disbursements that may occur and are associated with the past existence of LifeLinks Community School will become the ownership and or responsibility of Van Wert City School District.

Contacting the Community School's Financial Management

This financial report is designed to provide our clients and creditors with a general overview of the Community School's finances and to show the Community 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, Ohio**

*Statement of Receipts, Disbursements and Change in Cash Basis Net Position
For the Fiscal Year Ended June 30, 2017*

Operating Receipts	
State Foundation	\$ 516,671
State Distributed Casino Revenue	3,303
Other Receipts	<u>101</u>
<i>Total Operating Receipts</i>	<u>520,075</u>
Operating Disbursements	
Purchased Services	586,676
Materials and Supplies	6,355
Other	<u>6,201</u>
<i>Total Operating Disbursements</i>	<u>599,232</u>
<i>Operating Income (Loss)</i>	<u>(79,157)</u>
Non-Operating Receipts	
Federal and State Grants	74,221
Interest	114
Other	472
Proceeds from Sale of Assets	<u>484</u>
<i>Total Non-Operating Receipts</i>	<u>75,291</u>
<i>Change in Net Position</i>	(3,866)
<i>Net Position Beginning of Year</i>	<u>3,866</u>
<i>Net Position End of Year</i>	<u><u>\$ 0</u></u>

See accompanying notes.

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LifeLinks Community School
Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 1 - DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

LifeLinks Community School (the “Community 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 Community 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 Community School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the Community School.

The Community 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, 2015 through June 30, 2020. The Sponsor is responsible for evaluating the performance of the Community School and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.B, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Community 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 Community School’s basic financial statements consist of a Statement of Receipts, Disbursements and Change in Cash Basis Net Position.

Fiduciary funds are used to account for assets held by the Community School in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The Community School’s fiduciary funds include an agency fund. Agency funds are custodial in nature (assets equal net position) and do not involve measurement of results of operations. The Community School’s agency fund established for a faculty program had a net position of \$0 at June 30, 2017.

LifeLinks Community School
Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(Continued)

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 Community 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 Community School's contract with its Sponsor. The contract between the Community School and its Sponsor does not prescribe a budgetary process for the Community School.

D. Cash and Cash Equivalents

Cash held by the Community School is reflected as "Equity in Pooled Cash and Cash Equivalents" on the statement of net position. Investments with an original maturity of three months or less at the time they are purchased are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months are reported as investments. The Community School had no investments in fiscal year 2017.

E. Inventory and Prepaid Items

The Community 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.

LifeLinks Community School
Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(Continued)

G. Tax Exemption Status

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

H. Intergovernmental Receipts

The Community School currently participates in the State Foundation Program and the Public Charter Schools Program. Receipts received from these programs are recognized as operating receipts in the accounting period in which all eligibility requirements have been met. Other grants and entitlements are recognized as non-operating receipts 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 Community School must provide local resources to be used for a specified purpose, and disbursement requirements, in which the resources are provided to the Community School on a reimbursement basis.

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

I. Operating Receipts and Disbursements

Operating receipts are those receipts that are generated directly from the primary activity of the Community School. Operating disbursements are necessary costs incurred to provide the service that is the primary activity of the Community 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 Community School.

K. Net Position

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

LifeLinks Community School
Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(Continued)

L. Implementation of New Accounting Policies

For the fiscal year ended June 30, 2017, the Community School has (to the extent it applies to the cash basis of accounting) implemented Governmental Accounting Standards Board (GASB) Statement No. 77, Tax Abatement Disclosures, GASB Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans, GASB Statement No. 80, Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14 and GASB Statement No. 82, Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73.

GASB Statement No. 77 requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The implementation of GASB Statement No. 77 did not have an effect on the financial statements of the Community School.

GASB Statement No. 78 amends the scope of GASB Statement No. 68 to exclude certain multiple-employer defined benefit pension plans provided to employees of state and local governments on the basis that obtaining the measurements and other information required by GASB Statement No. 68 was not feasible. The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the Community School.

GASB Statement No. 80 amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the Community School.

GASB Statement No. 82 improves consistency in the application of pension accounting. The implementation of GASB Statement No. 82 did not have an effect on the financial statements of the Community School.

NOTE 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 Community School's name. During fiscal year 2017, the Community 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 Community School's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the

LifeLinks Community School
Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(Continued)

federal reserve system, in the name of the respective depository bank and pledged as collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Community School. The Community School has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Community School to a successful claim by the FDIC.

At June 30, 2017, the carrying amount of the Community School's deposits was \$0 and the bank balance was \$154,548, which was fully covered by Federal Deposit Insurance Corporation. There are no significant statutory restrictions regarding the deposit and investment of funds by the Community School.

NOTE 4 – PURCHASED SERVICES

For fiscal year ended June 30, 2017, purchased service disbursements were as follows:

	2017
Professional Services	\$ 586,520
Travel, Mileage and Meetings	156
Total	\$ 586,676

NOTE 5 – SERVICE CONTRACTS

A. Northwest Ohio Area Computer Services Cooperative

During fiscal year ended June 30, 2017, the Community School utilized the services of Northwest Ohio Area Computer Services Cooperative (“NOACSC”) for instructional, administrative and technical services required for the operation of the Community School. The amount paid to NOACSC during the fiscal year was \$5,567 and is included in purchased services.

B. Van Wert City School District

The Community School Sponsorship Contract between the Community School and Van Wert City School District (the “Sponsor”) outlined the specific payments to be made by the Community School to the Sponsor during fiscal year 2017. 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 Community School by the Sponsor. The Community School paid the Sponsor \$546,584 during fiscal year 2017 for professional and technical services and \$30,000 to lease classroom and office space.

NOTE 6 – RISK MANAGEMENT

The Community 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, 2017, the Community School contracted with Phelan Insurance Agency. Settled claims did not exceed coverage during the last three fiscal years. There has been no reduction in coverage from the prior fiscal year.

LifeLinks Community School
Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(Continued)

NOTE 7 – LEASE

On June 10, 2014, the Community School entered into a fifteen year lease agreement with Van Wert City School District for the use of classrooms, offices, and other facilities. The contracted monthly lease amount was \$2,500.

NOTE 8 - CONTINGENCIES

A. Grants

The Community School received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Community School. However, the effect of any such disallowed claims on the overall financial position of the Community School at June 30, 2017, if applicable, cannot be determined at this time.

B. School District Funding

School district Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the school districts, which can extend past the fiscal year end. Per the closing agreement, the sponsor, Van Wert City School District, assumed all liabilities and receivables of the Community School as of June 30, 2017 including those relate to the FTE adjustments.

C. Litigation

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

NOTE 9 – RELATED PARTY TRANSACTIONS

During fiscal year 2017, the Community School received in-kind contributions from its Sponsor. The Sponsor provided facilities, salaries, and other specified overhead expenses for the Community School. All in-kind contributions totaled \$110,496.

NOTE 10 – COMPLIANCE

Ohio Adm. Code Section 117-2-03(B) requires the Community School to file annual financial reports, which are prepared using generally accepted accounting principles (GAAP). For fiscal year 2017, the Community School prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the basis of cash receipts and cash disbursements, rather than GAAP. The accompanying financial statements and notes omit assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equities, and

LifeLinks Community School
Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(Continued)

disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38, the Community School may be fined and subject to various other administrative remedies for its failure to file the required financial report.

NOTE 11 – OPERATIONS

As of June 30, 2017, the Board has voluntarily closed operations of LifeLinks Community School. Assets of any kind will be transferred to Van Wert City School District (the District) for use by the District in operating the Community School educational program or for such other educational uses as determined by the District. The District also assumes all subsequent activity and liabilities of the Community School.

NOTE 12 – COMPLIANCE

The Ohio Department of Education has developed a policy that in part states a school is officially closed when instruction is no longer taking place and the governing authority or authorizer issues an official notice which states the reason for and date of the school's closure. The authorizer and a representative of the governing board are required to complete and sign the Suspension & Closing Assurance Form. There are five sections that comprise the community school authorizer Suspension & Closing Assurance Form. Four sections, Initial Notifications, Student Records and School Records; Disposition of Assets; Payments to Creditors; and Preparation of Itemized Financials, are to be completed as soon as practicable after the closure of the school. In the event that refunds are generated at a later date, the Authorizer shall follow the instructions in the Preparation of Itemized Financials section and complete the fifth section, Final Payments and Adjustments. If conditions delay timely submission of a completed Suspension & Closing Assurance Form, the authorizer shall submit the Closing Assurance, noting any item which is incomplete, and make arrangements with the Office of Quality School Choice to send in an updated Closing Assurances at a later, expected date. The School did not properly complete and submit the Suspension & Closing Assurance Form to the Ohio Department of Education, however, all procedures indicated on the form were completed.

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LifeLinks Community School
Van Wert County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

The management's discussion and analysis of LifeLinks Community School's (the "Community School") financial performance provides an overall view of the Community School's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the Community 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 Community School's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2016 are as follows:

- In total, net position was \$3,866 at June 30, 2016.
- The Community School had operating receipts of \$511,752 and operating disbursements of \$548,717 for fiscal year 2016. Total change in net position for the fiscal year was an increase of \$3,845.
- The Community School received Federal and State Grants totaling \$40,085.

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 Community School's financial activities. The statement of net position and statement of receipts, disbursements and change in cash basis net position provide information about the activities of the Community School, including how services were financed in the short-term and what remains for future spending.

Reporting the School's Financial Activities

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

These documents look at all financial transactions and ask the question, "How did we do financially during fiscal year 2016?" The statement of net position and the statement of receipts, disbursements and change in cash basis net position answer this question.

These two statements report the Community School's net position and change in net position. This change in net position is important because it tells the reader that, for the Community School as a whole, the financial position of the Community 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 21 and 22 of this report.

Reporting the Community School's Fiduciary Responsibilities

The Community School acts in a trustee capacity for a faculty program. These activities are reported in an agency fund. The Community School's fiduciary activities are reported in a separate Statement of Fiduciary Assets and Net Position on page 23. These activities are excluded from the Community

LifeLinks Community School
Van Wert County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)
(Continued)

School's other financial statements because the assets cannot be utilized by the Community School to finance its operations.

Table 1 provides a summary of the School's net position for fiscal year 2016 compared to 2015:

Table 1
Net Position – Cash Basis

	2016	2015
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 3,866	\$ 21
Net Position		
Restricted for Other Purposes	147	147
Unrestricted	3,719	(126)
<i>Total Net Position</i>	\$ 3,866	\$ 21

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

Table 2 shows the change in net position for fiscal years 2016 and 2015:

Table 2
Change in Net Position

	2016	2015
Operating Receipts		
State Foundation	\$ 504,467	\$ 586,094
Other Receipts	7,285	5,170
<i>Total Operating Receipts</i>	511,752	591,264
Operating Disbursements		
Purchased Services	514,592	563,454
Materials and Supplies	8,490	9,689
Capital Outlay	10,948	23,489
Other	14,687	9,077
<i>Total Operating Disbursements</i>	548,717	605,709
Non-Operating Receipts		
Other	589	924
Interest	136	123
Federal and State Grants	40,085	0
<i>Total Non-Operating Receipts</i>	40,810	1,047
<i>Change in Net Position</i>	\$ 3,845	\$ (13,398)

LifeLinks Community School
Van Wert County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)
(Continued)

Changes were made to classifications of receipts during 2016; therefore, 2015 was updated for comparability purposes.

An increase of \$40,085 or 100 percent in federal and state grants is due to the Community School receiving Federal grant monies during fiscal year 2016. A decrease of \$12,541 in capital outlay is noted as the Community School purchased laptops for the classrooms during fiscal year 2015, with no significant purchases made during fiscal year 2016. State foundation receipts decreased \$81,627 during the year due to decreased enrollment.

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

The dependence upon state foundation revenue for operating activities is apparent. Most of these monies were used for purchased services. The Community School's operating revenue is 93 percent of total receipts. State sources are by far the primary support for the LifeLinks Community School.

Current Financial Related Activities

The Community School is sponsored by the Van Wert City School District and is designed to assist at-risk students while also delivering credit recovery services with an emphasis on the use of technology. The Community School relies on State Foundation Funds as well as being eligible to receive Title I, Title II-A, and IDEA Part-B Special Education Federal funds.

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

Contacting the Community School's Financial Management

This financial report is designed to provide our clients and creditors with a general overview of the Community School's finances and to show the Community 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, Ohio

Statement of Net Position - Cash Basis
June 30, 2016

Assets	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 3,866
<i>Total Assets</i>	<u>3,866</u>
Net Position	
Restricted for Other Purposes	147
Unrestricted	<u>3,719</u>
<i>Total Net Position</i>	<u>\$ 3,866</u>

See accompanying notes.

**LifeLinks Community School
Van Wert County, Ohio**

*Statement of Receipts, Disbursements and Change in Cash Basis Net Position
For the Fiscal Year Ended June 30, 2016*

Operating Receipts	
State Foundation	\$ 504,467
State Distributed Casino Revenue	4,084
Sales	259
Other Receipts	<u>2,942</u>
<i>Total Operating Receipts</i>	<u>511,752</u>
Operating Disbursements	
Purchased Services	514,592
Materials and Supplies	8,490
Capital Outlay	10,948
Other	<u>14,687</u>
<i>Total Operating Disbursements</i>	<u>548,717</u>
<i>Operating Income (Loss)</i>	<u>(36,965)</u>
Non-Operating Receipts	
Other	589
Interest	136
Federal and State Grants	<u>40,085</u>
<i>Total Non-Operating Receipts</i>	<u>40,810</u>
<i>Change in Net Position</i>	3,845
<i>Net Position Beginning of Year</i>	<u>21</u>
<i>Net Position End of Year</i>	<u><u>\$ 3,866</u></u>

See accompanying notes.

**LifeLinks Community School
Van Wert County, Ohio**

*Statement of Fiduciary Assets and Net Position - Cash Basis
Fiduciary Funds
June 30, 2016*

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 197</u>
<i>Total Assets</i>	<u><u>197</u></u>
Net Position	
Due to Students	<u>197</u>
<i>Total Net Position</i>	<u><u>\$ 197</u></u>

See accompanying notes.

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LifeLinks Community School
Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

NOTE 1 - DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

LifeLinks Community School (the “Community 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 Community 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 Community School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the Community School.

The Community 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, 2015 through June 30, 2020. The Sponsor is responsible for evaluating the performance of the Community School and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.B, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Community 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 Community School’s basic financial statements consist of a Statement of Net Position - Cash Basis and a Statement of Receipts, Disbursements and Change in Cash Basis Net Position.

Fiduciary funds are used to account for assets held by the Community School in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The Community School’s fiduciary funds include an agency fund. Agency funds are custodial in nature (assets equal net position) and do not involve measurement of results of operations. The Community School’s agency fund is established for a faculty program.

LifeLinks Community School
Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016
(Continued)

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 Community 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 Community School's contract with its Sponsor. The contract between the Community School and its Sponsor does not prescribe a budgetary process for the Community School.

D. Cash and Cash Equivalents

Cash held by the Community School is reflected as "Equity in Pooled Cash and Cash Equivalents" on the statement of net position. Investments with an original maturity of three months or less at the time they are purchased are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months are reported as investments. The Community School had no investments in fiscal year 2016.

E. Inventory and Prepaid Items

The Community 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.

LifeLinks Community School
Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016
(Continued)

G. Tax Exemption Status

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

H. Intergovernmental Receipts

The Community School currently participates in the State Foundation Program and the Public Charter Schools Program. Receipts received from these programs are recognized as operating receipts in the accounting period in which all eligibility requirements have been met. Other grants and entitlements are recognized as non-operating receipts 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 Community School must provide local resources to be used for a specified purpose, and disbursement requirements, in which the resources are provided to the Community School on a reimbursement basis.

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

I. Operating Receipts and Disbursements

Operating receipts are those receipts that are generated directly from the primary activity of the Community School. Operating disbursements are necessary costs incurred to provide the service that is the primary activity of the Community 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 Community 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 2016.

LifeLinks Community School
Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016
(Continued)

L. Net Position

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

M. Implementation of New Accounting Policies

For the fiscal year ended June 30, 2016, the Community School has (to the extent it applies to the cash basis of accounting) implemented Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*.

GASB Statement No. 72 clarifies the definition of fair value for financial reporting purposes, establishes general principles for measuring fair value, provides additional fair value application guidance, and enhances disclosures about fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the Community School.

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68 as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also clarifies the application of certain provisions of GASB Statements 67 and 68. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the Community School.

GASB Statement No. 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the Community School.

GASB Statement No. 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the Community School.

LifeLinks Community School
Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016
(Continued)

NOTE 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 Community School's name. During fiscal year 2016, the Community 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 Community School's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Community School. The Community School has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Community School to a successful claim by the FDIC.

At June 30, 2016, the carrying amount of the Community School's deposits was \$4,063 and the bank balance was \$454,381. Of the Community School's bank balance, \$250,000 was covered by Federal Deposit Insurance Corporation, leaving \$204,381 uninsured but collateralized with securities held by the pledging financial institution's trust department or agent not in the Community School's name. There are no significant statutory restrictions regarding the deposit and investment of funds by the Community School.

NOTE 4 – PURCHASED SERVICES

For fiscal year ended June 30, 2016, purchased service disbursements were as follows:

	<u>2016</u>
Professional Services	\$ 513,643
Travel, Mileage and Meetings	<u>949</u>
Total	<u>\$ 514,592</u>

LifeLinks Community School
Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016
(Continued)

NOTE 5 – SERVICE CONTRACTS

A. Northwest Ohio Area Computer Services Cooperative

During fiscal year ended June 30, 2016, the Community School utilized the services of Northwest Ohio Area Computer Services Cooperative (“NOACSC”) for instructional, administrative and technical services required for the operation of the Community School. The amount paid to NOACSC during the fiscal year was \$5,893 and is included in purchased services.

B. Van Wert City School District

The Community School Sponsorship Contract between the Community School and Van Wert City School District (the “Sponsor”) outlined the specific payments to be made by the Community School to the Sponsor during fiscal year 2016. 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 Community School by the Sponsor. The Community School paid the Sponsor \$474,434 during fiscal year 2016 for professional and technical services and \$30,000 to lease classroom and office space.

NOTE 6 – RISK MANAGEMENT

The Community 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, 2016, the Community School contracted with Phelan Insurance Agency. Settled claims did not exceed coverage during the last three fiscal years. There has been no reduction in coverage from the prior fiscal year.

NOTE 7 – OPERATING LEASE

On June 10, 2014, the Community School entered into a fifteen year lease agreement with Van Wert City School District for the use of classrooms, offices, and other facilities. The contracted monthly lease amount was \$2,500.

NOTE 8 - CONTINGENCIES

A. Grants

The Community School received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Community School. However, the effect of any such disallowed claims on the overall financial position of the Community School at June 30, 2016, if applicable, cannot be determined at this time.

LifeLinks Community School
Van Wert County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016
(Continued)

B. Full-Time Equivalency

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the Community School, which can extend past the fiscal year end. For the fiscal year this did not result in material liability or receivable for the School District.

C. Litigation

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

NOTE 9 – RELATED PARTY TRANSACTIONS

During fiscal year 2016, the Community School received in-kind contributions from its Sponsor. The Sponsor provided facilities, salaries, and other specified overhead expenses for the Community School. All in-kind contributions totaled \$153,977.

NOTE 10 – COMPLIANCE

Ohio Adm. Code Section 117-2-03(B) requires the Community School to file annual financial reports, which are prepared using generally accepted accounting principles (GAAP). For fiscal year 2016, the Community School prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the basis of cash receipts and cash disbursements, rather than GAAP. The accompanying financial statements and notes omit assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38, the Community School may be fined and subject to various other administrative remedies for its failure to file the required financial report.

NOTE 11 – SUBSEQUENT EVENT

The Community School closed on June 30, 2017.

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Dave Yost • Auditor of State

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

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

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the LifeLinks Community School, Van Wert County, (the Community School) as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Community School's basic financial statements and have issued our report thereon dated June 26, 2018, wherein we noted the Community School uses a special purpose framework other than generally accepted accounting principles and as disclosed in Note 11, the Community School ceased its operations effective June 30, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the Community School's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2017-001.

Community School's Response to Finding

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

Purpose of this Report

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



Dave Yost
Auditor of State
Columbus, Ohio

June 26, 2018

LIFELINKS COMMUNITY SCHOOL
VAN WERT COUNTY

SCHEDULE OF FINDINGS
JUNE 30, 2017 AND 2016

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

FINDING NUMBER 2017-001

Noncompliance

Ohio Rev. Code § 117.38 provides, in part, that each public office, other than a state agency, 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 Admin. Code § 117-2-03(B) further clarifies the requirements of Ohio Rev. Code § 117.38.

Ohio Admin. Code § 117-2-03(B) requires the Community School to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP). However, the Community School prepared its financial statements for fiscal years 2017 and 2016 in accordance with the cash accounting basis. The accompanying financial statements omit assets, liabilities, deferred inflows/outflows, fund equities and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code § 117.38, the Community School may be fined and subject to various other administrative remedies for its failure to file the required financial report.

The Community School did not file GAAP statements for fiscal years 2017 and 2016.

The Community School should prepare its annual financial statements in accordance with GAAP to include assets, liabilities, deferred inflows/outflows, fund equities and the disclosures required to accurately and completely present the Community School's financial condition.

Officials' Response:

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



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2017 AND 2016**

Finding Number	Finding Summary	Status	Additional Information
2015-001	Ohio Rev. Code Section 117.38 and Ohio Admin. Code Section 117-2-03(B) – Failure to file financial statements in accordance with generally accepted accounting principles (GAAP).	Not Corrected	

LifeLinks Community School

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www.lifelinksschool.org



Dave Yost • Auditor of State

LIFE LINKS 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
NOVEMBER 15, 2018**