



*HAMILTON
ALTERNATIVE ACADEMY*

FRANKLIN COUNTY

FINAL AUDIT

For the Fiscal Year Ended June 30, 2017

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS





Dave Yost • Auditor of State

Board of Directors
Hamilton Alternative Academy
775 Rathmell Road
Columbus, Ohio 43207

We have reviewed the *Independent Auditor's Report* of Hamilton Alternative Academy, Franklin County, prepared by J.L. Uhrig and Associates, Inc., for the audit period July 1, 2016 through June 30, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Hamilton Alternative Academy is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

April 12, 2018

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**HAMILTON ALTERNATIVE ACADEMY
FRANKLIN COUNTY**

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Independent Auditor's Report

Board of Directors
Hamilton Alternative Academy
775 Rathmell Road
Columbus, Ohio 43207

Report on the Financial Statements

We have audited the accompanying financial statements of the Hamilton Alternative Academy (the Academy), Franklin County, Ohio, a component unit of the Hamilton Local School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Hamilton Alternative Academy, Franklin County, Ohio as of June 30, 2017, and the respective changes in financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matters

As described in Note 9 to the financial statements, the Academy ceased operations on June 30, 2017. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include Management's discussion and analysis on pages 3-5 listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquires of management about methods of preparing the information and comparing the information for consistency with management's responses to our inquires, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated January 24, 2018, on our consideration of the Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.
Chillicothe, Ohio

January 24, 2018

Hamilton Alternative Academy
Franklin County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

The discussion and analysis of the Hamilton Alternative Academy's (HAA) financial performance provides an overall review of the HAA's financial activities for the initial period ended June 30, 2017. Readers should also review the basic financial statements and notes to enhance their understanding of the HAA's financial performance.

Highlights

HAA is in operation as a Kindergarten through twelfth grade online internet school. Each student was provided a computer and scanner which were used to access a curriculum based on the state model and which used certified/licensed instructors. Enrollment varied during the year but averaged 25 students.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements.

The statement of net position and the statement of revenues, expenses, and changes in net position reflect how HAA did financially during the year ended June 30, 2017. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the fiscal year revenues and expenses regardless of when cash is received or paid.

These statements report HAA's net position and changes in that position. This change in net position is important because it tells the reader whether the financial position of HAA has increased or decreased during the period. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating.

HAA uses enterprise presentation for all of its activities.

Finally, the notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Hamilton Alternative Academy
Franklin County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

Table 1 provides a summary of HAA's net position as of June 30, 2017 compared to fiscal year 2016:

Table 1
Net Position

	2017	2016
<u>Assets:</u>		
Current Assets	\$49,040	\$11,806
Capital Assets	4,410	6,367
Total Assets	53,450	18,173
<u>Liabilities:</u>		
Current Liabilities	0	0
<u>Net Position</u>		
Invested in Capital Assets, Net of Related Debt	4,410	6,367
Unrestricted	49,040	11,806
Total Net Position	\$53,450	\$18,173

HAA's current assets increased \$37,234 due to State Aid being fully restored after 2016. The capital position decreased \$1,957 due to the offset by the depreciation during 2017 of all equipment.

Table 2 reflects the changes in net position for the year ended June 30, 2017 as compared to fiscal year 2016:

	2017	2016
<u>Operating Revenues:</u>		
Foundation	\$167,651	\$81,049
Other	0	4,752
<u>Non Operating Revenues:</u>		
Grants	10,177	23,534
Other Financing	0	7,527
Total Revenues	177,828	116,862
<u>Operating Expenses:</u>		
Purchased Services	136,927	120,034
Materials and Supplies	1,928	2,423
Depreciation	1,957	2,273
Capital Outlay	427	0
Other Expenses	1,312	1,985
Total Expenses	142,551	126,715
Total Increase in Net Position	\$35,277	(\$9,853)

Hamilton Alternative Academy
Franklin County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

Revenues increased \$60,966 during fiscal year 2017. The major factor in this change is the increase of State Aid because our settlement we had with ODE went away in 2016.

HAA's expenses increased \$15,836 which is mostly due to employee's cost of living increases.

Budgeting

HAA is not required to follow the budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided by the HAA's contract with its Sponsor. The contract between HAA and its Sponsor prescribes an annual budget requirement of preparing a five year forecast, which is to be updated on an annual basis.

Capital Position and Debt Administration

Capital Position

HAA did not invest in equipment over the threshold in 2017. The accumulated depreciation at June 30, 2017 amounted to \$352,788. The capital position net of accumulated depreciation at June 30, 2017 amounted to 4,410.

Debt

HAA has incurred no debt as of June 30, 2017.

Current Issues

Management and the Sponsor have decided and on June 30, 2017 the Academy no longer exists. Due to decreasing student enrollment we cannot meet the threshold of 25 students in the program. We tried to enroll, but to no avail. Thus the Academy went away and was closed with ODE on June 30, 2017.

Contacting the HAA's Financial Management

This financial report is designed to provide citizens, taxpayers, and creditors with a general overview of the HAA's finances and to show the HAA's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Adam Collier, Treasurer, Hamilton Alternative Academy, 775 Rathmell Road, Columbus, Ohio 43207.

HAMILTON ALTERNATIVE ACADEMY
Franklin County

Statement of Net Position
June 30, 2017

	<u>Governmental Activities</u>
<u>Assets:</u>	
Current Assets:	
Cash and Cash Equivalents	\$49,040
Depreciable Capital Assets, Net	<u>4,410</u>
Total Assets	<u>\$53,450</u>
<u>Liabilities:</u>	
	<u>\$0</u>
<u>Net Position:</u>	
Net Investment in Capital Assets	\$4,410
Unrestricted	<u>49,040</u>
Total Net Position	<u><u>\$53,450</u></u>

See accompanying notes to the basic financial statements.

HAMILTON ALTERNATIVE ACADEMY
Franklin County

Statement of Revenues, Expenses, and Changes in Net Position
For the Period of July 1, 2016 through June 30, 2017

<u>Operating Revenues:</u>	
Foundation	\$167,651
Total Operating Revenues	<u>167,651</u>
<u>Operating Expenses:</u>	
Purchased Services	136,927
Materials and Supplies	2,355
Depreciation	1,957
Other Operating Expenses	1,312
Total Operating Expenses	<u>142,551</u>
Operating (Loss)	<u>25,100</u>
<u>Non-Operating Revenues:</u>	
Grants	<u>10,177</u>
Total Non-Operating Revenues	<u>10,177</u>
Change in Net Position	35,277
Net Position, June 30, 2016	<u>18,173</u>
Net Position, June 30, 2017	<u><u>\$53,450</u></u>

See accompanying notes to the basic financial statements.

HAMILTON ALTERNATIVE ACADEMY
Franklin County

Statement of Cash Flows
For the Period of July 1, 2016 through June 30, 2017

Increase (Decrease) in Cash and Cash Equivalents:

Cash Flows from Operating Activities:

Cash Received from Foundation, Other Revenue	\$167,651
Cash Payments to Suppliers for Goods and Services	<u>(140,594)</u>
Net Cash Used for Operating Activities	<u>27,057</u>

Cash Flows from Noncapital Financing Activities

Grants Received	<u>10,177</u>
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>10,177</u>

Net Decrease in Cash and Cash Equivalents	37,234
Cash and Cash Equivalents, June 30, 2016	<u>11,806</u>
Cash and Cash Equivalents, June 30, 2017	<u><u>\$49,040</u></u>

Reconciliation of Operating Loss to Net Cash Used for Operating Activities:

Operating Income (Loss)	\$25,100
Depreciation	<u>1,957</u>
Net Cash Used for Operating Activities	<u><u>\$27,057</u></u>

See accompanying notes to the basic financial statements.

Hamilton Alternative Academy
Franklin County
Notes to the Basic Financial Statements
For the Year Ended June 30, 2017

Note 1: Description of the School

The Hamilton Alternative Academy (HAA) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. HAA is an approved tax-exempt organization under Section 501 (c) (3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect HAA's tax exempt status. HAA's mission is to enhance and facilitate student learning by providing state of the art digital curriculum and instruction; innovative, collaborative leadership; and technical expertise and support that will prepare students to become lifelong learners and intelligent decision makers. The students may include, but will not be limited to, home schoolers, children with special physical and mental needs, students removed from the regular classroom for discipline concerns, students who need an alternative to the traditional classroom for various reasons, including religious reasons, transient students, and students with the Hamilton City School District, sponsor school district, that desire a specific course not currently offered but is available through online instruction.

HAA was created on February 24, 2003 by entering into a contract with Hamilton Local School District the Sponsor). The Sponsor is also the fiscal agent of the HAA with the Treasurer of the Sponsor completing the role of Treasurer for the HAA.

HAA operates under the direction of a six-member (five voting member) Board of Directors. The charter dictates the Board members. The Hamilton Local School District approves the Board, but does not appoint the members. The Sponsor can suspend the HAA's operations for any of the following reasons: 1) The HAA's failure to meet student performance requirements stated in its contract with the Sponsor, 2) The HAA's failure to meet generally accepted standards of fiscal management, 3) The HAA's violation of any provisions of the contract with the Sponsor or applicable state or federal law, or 4) Other good cause. The Board of Directors are responsible for carrying out the provisions of the contract which include, but are not limited to, helping create, approve, and monitor the annual budget, develop policies to guide operations, secure funding, and maintain a commitment to vision, mission, and belief statements of HAA and the children it serves. During the fiscal year ended June 30 2017, HAA paid purchased services to META for providing the planning, design, implementation, instructional, administrative, and technical services. Therefore, the HAA is a component unit of the Hamilton Local School District. Additional, the HAA entered into an agreement with Metropolitan Educational Technology Association (META) for management consulting services (See Note 4).

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

The HAA's basic financial statements consist of a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows.

HAA uses a single enterprise presentation for its financial records. Enterprise reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows.

Hamilton Alternative Academy
Franklin County
Notes to the Basic Financial Statements
For the Year Ended June 30, 2017

Note 2 - Summary of Significant Accounting Policies (Continued)

B. Measurement Focus

The enterprise activity is accounted for using a flow of economic resources measurement focus. All assets and liabilities associated with the operation of HAA are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position. The statement of cash flows reflects how HAA finances meet its cash flow needs.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. HAA's financial statements are prepared using the accrual basis of accounting. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Revenue resulting from non-exchange transactions, in which HAA receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the period in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the period when the resources are required to be used or the period when use is first permitted, matching requirements, in which HAA must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to HAA on a reimbursement basis. Expenses are recognized at the time they are incurred.

D. Budgetary Process

Unlike other public schools located in the State of Ohio, community schools are not required to follow the budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided by the HAA's contract with its Sponsor. The contract between HAA and its Sponsor prescribes an annual budget requirement as part of preparing a five year forecast, which is updated on an annual basis.

E. Cash and Cash Equivalents

Cash received by HAA is reflected as "Cash and Cash Equivalents" on the statement of net position. HAA had no investments during the fiscal year ended June 30, 2017.

F. Net Position

Net position represents the difference between assets and liabilities. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by HAA or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. HAA applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

G. Capital Assets

Capital assets addition during fiscal year 2017 consisted of \$0. All capital assets are capitalized at cost and updated for any additions and retirements during the fiscal year. HAA mentions a capitalization threshold of five hundred dollars. All of HAA's reported capital assets are depreciated using the straight-line method over five years of useful life.

Hamilton Alternative Academy
Franklin County
Notes to the Basic Financial Statements
For the Year Ended June 30, 2017

Note 2 - Summary of Significant Accounting Policies (Continued)

H. Operating Revenues and Expenses

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

I. Estimates

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

Note 3 - Deposits

The following information classifies deposits by categories of risk as defined in GASB Statement No.3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

At June 30, 2017, the carrying amount of HAA's deposits was \$49,040 and the bank balance was \$49,467. All of the bank balance was covered by federal depository insurance and pooled collateral agreements with the banking institution. There are no significant statutory restrictions regarding the deposit and investment of funds by the nonprofit corporation.

Note 4 - Contract with META

HAA entered into a contract with Metropolitan Educational Technology Association (META) for management consulting services. Under the contract, the following terms were agreed upon:

- META shall provide HAA with instructional, supervisory/administrative, and technical services sufficient to effectively implement HAA's educational plan and HAA's assessment and accountability plan.
- All personnel providing services to HAA on behalf of META under the agreement shall be employees of META and META shall be solely responsible for all payroll functions, including retirement system contributions and all other legal withholding and/or payroll taxes, with respect to such personnel. All shall possess any certification or licensure which may be required by law.
- The technical services provided by META to HAA shall include access to, and the use of, computer software, computer hardware, networking hardware, network services, and the services of technical support personnel necessary to implement the plan of operation.
- HAA shall secure the services of an Executive Director, who shall be the chief operating officer of the school, with primary responsibility for day-to day operations of HAA.
- Curricular services provided by META shall be limited to the standardized curriculum developed by META.

For the period \$0 was payable under this contract. HAA paid 100% of this amount as of June 30, 2017.

Hamilton Alternative Academy
Franklin County
Notes to the Basic Financial Statements
For the Year Ended June 30, 2017

Note 5 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	Balance June 30, 2016	<u>Additions</u>	<u>Deletions</u>	Balance June 30, 2017
Equipment	<u>\$357,198</u>	<u>\$0</u>	<u>0</u>	<u>\$357,198</u>
Less Accumulated Depreciation	<u>(350,831)</u>	<u>(1,957)</u>	<u>0</u>	<u>(352,788)</u>
Depreciable Capital Assets, Net	<u>\$6,367</u>	<u>\$(1,957)</u>	<u>0</u>	<u>\$4,410</u>

Note 6 - Risk Management

HAA is exposed to various risks of loss related to torts; errors and omissions; and natural disasters. During the period ended June 30, 2017, HAA is covered under the liability insurance for the Hamilton Local School District (Sponsor). Management is unaware of any material pending claims that may effect the period ended June 30, 2017.

Note 7 - Related Party Transactions

The HAA is a component unit of the Hamilton Local School District (the District). As described in Note 1, the District is the HAA's sponsor. The HAA and the District entered into a five-year sponsorship agreement on February 25, 2003, whereby terms of the sponsorship were established. Pursuant to this agreement, the District's treasurer serves as the HAA's fiscal officer. Also, the HAA is required annually to pay the District, from funding provided to the HAA from the Ohio Department of Education pursuant to Section 3314.08 of the Ohio Revised Code, \$150 per student per year.

Note 8 - Contingencies

A. Grants

HAA 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 HAA. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the HAA at June 30, 2017.

B. Litigation

A suit was filed in Franklin County Common Pleas Court on May 14, 2001, alleging that Ohio's Community (Le., Charter) Schools program violates the state Constitution and state laws. On April 21, 2003 the court dismissed the counts containing constitutional claims and stayed the other counts pending appeal of the constitutional issues. The plaintiffs appealed to the Court of Appeals, the issues have been briefed, and the case was heard for oral argument on November 18th, 2003. The effect of this suit, if any, on HAA is not presently determinable.

C. School District Funding

School foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. However, there is an important nexus between attendance and enrollment for Foundation funding purposes. Community schools must provide documentation that clearly demonstrates students have participated in learning opportunities. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end.

Under Ohio Rev. Code Section 3314.08, ODE may also perform a FTE Review subsequent to the fiscal year end that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance. ODE performed such a review on the School for fiscal year 2017.

Hamilton Alternative Academy
Franklin County
Notes to the Basic Financial Statements
For the Year Ended June 30, 2017

As of the date of this report, additional ODE adjustments for fiscal year 2017 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2017 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the School.

In addition, the School's contracts with their Sponsor require payment based on student FTEs. As discussed above, additional FTE adjustments for fiscal year 2017 are not finalized. Until such adjustments are finalized by ODE, the impact on the fiscal year 2017 financial statements, related to additional reconciliation necessary with these contracts, is not determinable. Management believes this may result in either an additional receivable to, or liability of, the School.

Note 9 – Academy Closure

Management and the Sponsor have decided to close the Academy; on June 30, 2017 the Academy no longer exists. Due to decreasing student enrollment we cannot meet the threshold of 25 students in the program. We tried to increase enrollment, but to no avail. Thus the Academy was closed with ODE on June 30, 2017.

Note 10 – Subsequent Event

The Academy's bank account balance as of December 31, 2017 was \$39,959.

The following transactions occurred subsequent to June 30, 2017:

Check #	Date	Vendor	Purpose	Amount
2064	10/24/2017	Adam Collier	Quarterly Treasurer PA/GAAP Conv/Monthly Recon	\$7,900
2065	10/24/2017	JL Uhrig	Audit	1,320
2066	10/31/2017	JL Uhrig	Audit	550
2067	12/28/2017	Adam Collier	Quarterly Treasurer PA/Monthly Recon	4,500
2068	12/31/2017	Hamilton LSD	Fiscal Year End 2017 & 2nd qtr for Fiscal Year End 2016	36,757

**Independent Auditor's Report on Internal Control over Financial
Reporting and on Compliance and Other Matters Required by
*Government Auditing Standards***

Board of Directors
Hamilton Alternative Academy
775 Rathmell Road
Columbus, Ohio 43207

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, the financial statements of the Hamilton Alternative Academy (the Academy), a component unit of Hamilton Local School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements which collectively comprise the Academy's basic financial statements and have issued our report thereon dated January 24, 2018, wherein we noted the Academy ceased operations effective June 30, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Academy's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of supporting our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Academy's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weakness or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Directors
Hamilton Alternative Academy
Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards*

Compliance and Other Matters

As part of obtaining reasonable assurance whether the Academy's financial statements are free of material misstatement, we performed test of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on 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 no instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.
Chillicothe, Ohio

January 24, 2018

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Dave Yost • Auditor of State

HAMILTON ALTERNATIVE ACADEMY

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 24, 2018**