CINCINNATI COLLEGE PREPARATORY ACADEMY
HAMILTON COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2008

Dave Yost • Auditor of State

CINCINNATI COLLEGE PREPARATORY ACADEMY
HAMILTON COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

Cincinnati College Preparatory Academy
Hamilton County
1425 Linn Street
Cincinnati, Ohio 45202

To the Board Members and Sponsor:

We have audited the accompanying basic financial statements of the Cincinnati College Preparatory Academy, Hamilton County, Ohio (the Academy), as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the Academy's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Academy, as of June 30, 2008, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As of October 24, 2012, the Auditor of State is conducting a special audit of the Academy. The results of this special audit cannot be determined at this time. Upon completion of that special audit a separate report will be issued. This report does not purport to address any issues that may be identified in the special audit. Also, the financial statements do not include any adjustments or disclosures that might result from the special audit.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2012, on our consideration of the Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis,* as 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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the Academy's basic financial statements. The federal awards receipts and expenditures schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133*, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The federal awards receipts and expenditures schedule is management's responsibility, and was derived from and relates to the underlying accounting and other records used to prepare the basic financial statements. These statements were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Dave Yost

Dave Yost
Auditor of State

October 24, 2012

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED**

The discussion and analysis of the Cincinnati College Preparatory Academy's (the Academy) financial performance provides an overall review of the Academy's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole; readers should also review the basic financial statements and the accompanying notes to enhance their understanding of the Academy's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

In total, net assets increased $380,073, which represents a 24.7% increase from 2007. This increase was due to the acquisition of building assets, and an increase in student enrollment with an accompanying increase in foundation revenues.

Total assets increased $1,041,809, which represents a 32.4% increase from 2007 and was primarily due to the Academy's investment in buildings and equipment.

Liabilities increased $661,736, which represents a 39.5% increase from 2007. Accrued wages and benefits increased by $36,389. Accounts payable decreased by $3,380. The decrease in payables was primarily due to an effort to decrease outstanding liabilities by year end.

Using this Financial Report

This report consists of three parts, the MD&A, the basic financial statements, and notes to those statements. The basic financial statements include a statement of net assets, a statement of revenues, expenses and changes in net assets, and a statement of cash flows.

Statement of Net Assets

The Statement of Net Assets answers the question, "What is our financial position on June 30, 2008?" This statement includes all assets and liabilities, both financial and capital, and short-term and long-term using the accrual basis of accounting and economic resources focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

Table 1 provides a summary of the Academy's net assets for fiscal year 2008 and fiscal year 2007:

Table 1
Net Assets

	2008	2007
Assets		
Current Assets	$ 695,935	$ 571,912
Capital Assets, Net	2,188,893	1,241,581
Investment in LLC	1,402,334	1,402,334
Total Assets	4,287,162	3,215,827
Liabilities		
Current Liabilities	542,441	449,375
Non-Current Liabilities	1,796,838	1,228,168
Total Liabilities	2,339,279	1,677,543
Net Assets		
Invested in Capital Assets, net of related debt	1,427,677	1,241,581
Unrestricted	520,206	296,702
Total Net Assets	$1,947,883	$1,538,283

Total assets increased $1,071,335. This increase was primarily due to the acquisition of building assets. Cash and cash equivalents increased approximately $45,401 from 2007. Intergovernmental Receivables increased by $79,661. This increase was due to the timing of the receipt of some grants. Capital Assets, net of depreciation increased by $917,786 because of the acquisition of a building for the high school program during 2008.

CINCINNATI COLLEGE PREPARATORY ACADEMY
HAMILTON COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)

Table 2 shows the changes in net assets for fiscal year 2008 and fiscal year 2007, as well as a listing of revenues and expenses.

TABLE 2

Operating Revenues	**2008**	**2007**
Charges for Services	$23,934	$25,502
Foundation Payments	3,877,064	3,447,374
Other Income	47,697	28,316
Non-Operating Revenues		
Federal and State Grants	1,009,286	1,071,128
Interest	329	1,628
Rental Income	13,300	0
Total Revenues	4,972,150	4,573,948
Operating Expenses		
Salaries	2,069,915	2,075,045
Fringe Benefits	705,237	548,895
Purchased Services	589,461	648,363
Materials and Supplies	896,732	884,095
Depreciation	103,776	78,344
Capital Outlay	38,539	23,937
Other Expenses	158,891	171,141
Total Operating Expenses	4,562,551	4,429,820
Change in Net Assets	$409,599	$144,128

Net assets increased by $409,599 between 2007 and 2008. Revenues increased $398,202 and expenses increased $132,731 over 2007. Of the increase in revenues, foundation payments increased by $430,230. Community schools receive no support from tax revenues.

From 2007, the expense for salaries decreased by $5,130, and the expense for fringe benefits increased by $156,342. This increase was primarily a result of an increase in fringes and health care coverage expenses. Materials and supply expenses increased by $12,637 in 2007. The depreciation expense increased by $25,432. According to the Academy's capital asset policy, depreciation is expensed for new capital assets in each month beginning in the month they are purchased.

Capital Assets

At the end of fiscal year 2008, the Academy had $2.2 million invested in building and building improvements, furniture, fixtures and equipment, and vehicles, which represented an increase of $947,312 from 2007. Table 3 shows fiscal year 2008 and fiscal year 2007:

Table 3
Capital Assets at June 30, 2008
(Net of Depreciation)

	2008	2007
Building and Building Improvements	$ 2,321,300	$ 1,321,300
Furniture, Fixtures, and Equipment	397,487	346,399
Vehicles	62,948	62,498
Less Accumulated Depreciation	(592,842)	(489,066)
Totals	$ 2,188,893	$ 1,241,581

The significant increase is due to the additional building investment. For more information on capital assets, see Note 5 to the basic financial statements.

Table 4
Long-Term Debt at June 30, 2008

At the end of fiscal year 2008, the Academy had $ 2 million in long-term debt related to its building acquisitions. Table 4 shows fiscal year 2008 and fiscal year 2007:

	Balance 30-June-07	Additions	Payments	Balance 30-Jun-08
Promissory Note	$ 700,000		$ 128,334	$ 571,666
Mortgage Loan #1	694,520		38,019	656,501
High School Building Loans		800,000	4,920	795,080
	$1,394,520	$ 800,000	$ 171,273	$2,023,247

Current Financial Issues

The Cincinnati College Preparatory Academy was formed in 1999. During the 2007-2008 school year, approximately 606 students were enrolled in the Academy. The Academy receives its finances mostly from state aid. Per pupil aid for fiscal year 2008 amounted to approximately $5,565 per student. Per pupil aid for fiscal year 2007 amounted to approximately $6,484 per student. The average number of years experience for teachers was seven.

Contacting the School's Financial Management

This financial report is designed to provide our citizens with a general overview of the Academy's finances and to show the Academy's accountability for the money it receives. If you have questions about this report or need additional information, contact the Treasurer at CCPA, 1425 Linn Street, Cincinnati, Ohio 45214.

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CINCINNATI COLLEGE PREPARATORY CADEMY
HAMILTON COUNTY
STATEMENT OF NET ASSETS

OF JUNE 30, 2008

Assets	**2008**
Current Assets	
Cash and Cash Equivalents	$ 515,635
Intergovernmental Receivable	$ 180,300
Total Current Assets	$ 695,935
Noncurrent Assets	
Depreciable Capital Assets, Net	$ 2,188,893
Investment in LLC	$ 1,402,334
Total Noncurrent Assets	$ 3,591,227
Total Assets	$ 4,287,162
Liabilities	
Current Liabilities	
Accounts Payable	$ 18,052
Accrued Wages & Benefits	$ 297,979
Current Portion of Long Term Debt	$ 226,410
Total Current Liabilities	$ 542,441
Long-Term Liabilities	
Long-Term Portion of Long-Term Debt	$ 1,796,838
Total Long-Term Liabilities	$ 1,796,383
Total Liabilities	$ 2,339,279
Net Assets	
Invested in Capital Assets, net of related debt	$ 1,427,677
Unrestricted	$ 520,206
Total Net Assets	$ 1,947,883

See the Accompanying Notes to the Basic Financial Statements

CINCINNATI COLLEGE PREPARATORY ACADEMY
HAMILTON COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008

<u>Operating Revenues</u>	
Foundation Payments	$ 3,795,741
Food Service	23,934
Misc.	47,697
Special Education	81,863
Total Operating Revenues	3,949,235
<u>Operating Expenses</u>	
Salaries	2,069,915
Retirement & Fringes	705,237
Supplies	896,732
Depreciation	103,776
Capital Outlay	38,539
Other	158,891
Purchased Services	589,461
Total Operating Expenses	4,562,551
Operating Loss	(613,316)
Non-Operating Revenues	
Federal and State Grants	729,046
Federal and State Meal Subsidies	280,240
Interest Income	329
Rental Income	13,300
Total Non-Operating Revenues	1,022,915
Change in Net Assets	409,599
Net Assets Beginning of the Year	1,538,284
Net Assets End of the Year	$ 1,947,883

See the Accompanying Notes to the Basic Financial Statements

CINCINNATI COLLEGE PREPARATORY ACADEMY
HAMILTON COUNTY

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008

Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received for School Foundation Payments	$ 3,877,604
Other Operating Revenue	49,697
Cash Payments for Employees for Services and Benefits	(2,738,763)
Cash Payments to Suppliers for Goods and Services	1,681,632)
Net Cash Used for Operating Activities	(495,094)
Cash Flows from Noncapital Financing Activities	
Federal and State Subsidies	1,088,947
Net Cash Provided by Noncapital Financing Activities	1,088,947
Cash Flows from Capital Financing Activities	
Acquisition of Capital Assets	(1,051,088)
Payments on Long Term Debt	(231,330)
Payments on Short Term Debt	(60,058)
Loan Acquisition	800,000
Finance Expense	(6,305)
Net Cash Used by Capital Financing Activities	(548,781)
Cash Flows from Investing Activities	
Interest on Investments/Other	329
Net Cash Provided by Investing Activities	329
Net Change in Cash and Cash Equivalents	45,401
Cash and Cash Flow Equivalents at Beginning of the Year	470,233
Reconciliation of Operating Income to Net Cash	515,634
Used for Operating Activities	
Operating Loss	(613,316)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities	
Depreciation	103,776
Change in Assets and Liabilities	
Increase in Receivables	(78,621)
Decrease in Accounts Payable	(3,380)
Change in Other Current Debt	60,058
Decrease in Accrued Wages and Benefits	36,389
Total Adjustments	118,222
Net Cash Used by Operating Activities	(495,094)

See the Accompanying Notes to the Basic Financial Statements

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NOTE 1 – DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

Cincinnati College Preparatory Academy, Hamilton County, Ohio (the Academy), is a nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to address the needs of students in Grades 1 through 9. The Academy, which is part of the State's education program, is independent of any school district. It is nonsectarian in its programs, admission policies, employment practices, and all other operations. The Academy may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the school. Cincinnati College Preparatory Academy qualifies as an exempt organization under Section 501(c) (3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect the school's tax exempt status.

The Academy was approved for operation under contract with the Ohio Department of Education (the Sponsor) for a period of five years commencing July 1, 1999. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration. The Academy has a sponsorship agreement with the Lucas County Educational Service Center that began on July 1, 2008.

The Academy operates under the direction of a seven-member Board of Directors. The Board of Directors 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 Board of Directors controls the Academy's one instructional/support facility staffed by certified full time teaching personnel who provide services to 606 students.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Cincinnati College Preparatory Academy have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental nonprofit organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Academy also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities, provided they do not conflict with or contradict GASB pronouncements. The more significant of the Academy's accounting policies are described next.

Basis of Presentation

The Academy's basic financial statements consist of a statement of net assets, a statement of revenue, expenses and changes in net assets, and a statement of cash flows.

Enterprise fund reporting focuses on the determination of the change in net assets, financial position and cash flows.

Measurement Focus

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the statement of net assets. The statement of changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Academy finances and meets the cash flow needs of its enterprise activities.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The Academy'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.

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

Expenses are recognized at the time they are incurred.

Budgetary Process

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided in the contract between the Academy and its sponsor. The contract between the Academy and its sponsor does not prescribe a budgetary process for the Academy; therefore no budgetary information is presented in the financial statements.

Capital Assets

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Academy maintains a capitalization threshold of one thousand dollars. The Academy does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not.

All reported capital assets except land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Buildings and Building Improvements	1 – 50 Years
Furniture, Fixtures and Equipment	5 Years
Vehicles	5 Years

Net Assets

Net assets represent the difference between assets and liabilities. Assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from primary activities. For the Academy, these revenues are primarily foundation payments from the state and sales for food service. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the Academy. Revenues and expenses not meeting this definition are reported as non-operating.

Estimates

The preparation of financial statements in conformity with U.S. 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

At fiscal year end, the carrying amount of the Academy's deposits was $515,635, and the bank balance was $525,423. Of the bank balance, $250,000 was covered by federal depository insurance, and $275,423 was collateralized with securities held in a single financial institution's pool of investments pledged to collateralize all public deposits. Although the securities serving as collateral were held by the pledging financial institution's trust department in the Academy's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Academy to a successful claim by the Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that in the event of a bank failure, the Academy's deposits may not be returned. The Academy's policy with regard to custodial credit risk is as follows: The Academy must maintain deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. That is, any public depository in which the emplaced deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the FDIC. The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, or municipal corporation, or other legal constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

NOTE 4 – RECEIVABLES

Receivables at June 30, 2008, consisted primarily of intergovernmental grants. All receivables are considered collectible in full and will be received within one year.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2008:

	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
Business Type Activity				
Capital Assets Being Depreciated				
Buildings and Improvements	$ 1,321,300	$ 1,000,000		$ 2,321,330
Furniture, Fixtures and Equipment	346,339	51,088	–	397,487
Vehicles	62,948		–	62,948
Total Capital Assets Being Depreciated	1,730,647	1,051,088		2,781,735
Less Accumulated Depreciation				
Buildings and Improvements	136,372	61,283		197,654
Furniture, Fixtures and Equipment	326,466	29,904	–	356,370
Vehicles	26,228	12,590	–	38,818
Total Accumulated Depreciation	489,066	133,302		592,842
Total Capital Assets Being Depreciated, Net	1,241,581	917,786		2,188,893
Business-Type Activity, Capital Assets, Net	$ 1,241,581	$ 917,786	$ 917,786	$ 2,188,893

NOTE 6 – INVESTMENT IN LIMITED LIABILITY COMPANY (LLC)

In February, 2008, the Academy entered into an agreement with The Young Men's Christian Association of Greater Cincinnati (YMCA) to form West End Cincinnati Victory Partners LLC. The purpose of the LLC is to own and maintain the building that the Academy and the YMCA occupy. The Academy owns 75% of the LLC. The YMCA is the managing partner of the LLC.

NOTE 7 – LONG-TERM LIABILITIES

As of June 30, 2008, the Academy had the following liabilities:

Long Term Obligations	Principal Outstanding 7/1/2007	Additions	Deductions	Principal Outstanding 6/30/2008	Amounts Due in One Year
Building Loan (invested in LLC)	$694,520	0	$ 38,019	$ 656,501	$57,903
Building Loan	0	$800,000	$4,920	$795,080	$20,901
Note Payable–YMCA	$700,000	0	$ 128,334	$571,666	$140,000
Total	$1,394,520	$800,000	$ 171,273	$2,023,247	$ 218,804

NOTE 7 – LONG-TERM LIABILITIES (Continued)

In August of 2003, the Academy purchased a building and entered into a mortgage loan for $790,000 to finance the purchase. The loan carries a five-year amortization, a floating interest rate of the prime rate plus .50%, and renewability. The loan was renewed in August 2008. (The prime rate was 5.00% in June 30, 2008.) Only interest was paid during the first year of amortization. The principal and interest are scheduled at the following amounts:

Years Ending June 30	Principal	Interest	T Total
2009	$ 57,903	$25,842	$83,745
2010	65,302	20,917	86,219
2011 and Thereafter	533,296	51,782	585,078
Total	$ 656,501	$ 98,541	$755,042

In March 2008, The Academy purchased another building and entered into a mortgage loan for $800,000 to finance the purchase. The loan carries a ten year amortization and a floating interest rate. (The rate on June 30, 2008 was 5.0%.) The principal and interest re scheduled at the following amounts:

Years Ending June 30	Principal	Interest	T Total
2009	$ 20,901	$ 49,786	$ 70,687
2010	22,264	48,422	70,686
2011 and Thereafter	751,915	51,782	585,078
Total	$ 795,080	$ 416,512	$ 1,211,592

In April, 2004, the Academy signed a note payable for $700,000 to it's co-investor in the LLC for leasehold improvements made to the building which the LLC owns. The note is non-interest bearing with equal quarterly installments due beginning in August, 2007. The principal amounts are scheduled as follows:

2009	151,666
2010	140,000
2011	140,000
2012	140,000
	$ 571,666

NOTE 8 – RISK MANAGEMENT

The Academy is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2008, the Academy contracted with the O'Neill Group for general liability and property insurance and for educational errors and omissions insurance.

Coverages are as follows:

Buildings and Contents ($1,000 deductible)	$ 1,000,000
Boiler and Machinery ($1,000 deductible)	1,000,000
Business Personal Property ($1,000 deductible)	1,000,000
Educational Errors and Omissions ($1,000 each loss)	1,000,000
General Liability	
Per occurrence	1,000,000
Total per year	$ 2,000,000

Settled claims have not exceeded this commercial coverage in any of the past five years. There has been no significant change in insurance coverage from last year.

Workers' Compensation

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

NOTE 9 – DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

The Academy contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information. The stand-alone report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746, by calling (888) 227-7877, or by visiting the STRS Ohio Website at www.strsoh.org.

Plan members are required to contribute 10% of their annual covered salary and the Academy is required to contribute at an actuarially determined rate. The current school rate is 14% of annual covered payroll. A portion of the Academy's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2008, 9.16% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10% for plan members and 14% for employers. The Academy's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007, and 2006 were $68,474, $71,384, and $62,808 respectively; 84% has been contributed for fiscal year 2008; 100% has been contributed for fiscal years 2007 and 2006.

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

State Teachers Retirement System of Ohio

The Academy participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, by calling (888) 227-7877 or by visiting STRS Ohio Website at www.strsoh.org.

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

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal year ended June 30, 2008, plan members were required to contribute 10% of their annual covered salaries. The Academy was required to contribute 14%; 13% was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The Academy's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007 and 2006 were $230,376, $213,556 and $205,556, respectively; 83% has been contributed for fiscal year 2008 and 100% for fiscal years 2007 and 2006.

NOTE 10 – POST-EMPLOYMENT BENEFITS

Plan Description – The Academy participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries: a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMOs, PPOs and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report, which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was $ 35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility, and retirement status.
.
The Academy's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were $20,444, $21,612, and $18,753 respectively; 100 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2008, this actuarially required allocation was 0.66 percent of covered payroll. The School District’s contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 were $10,861, $10,068, and $9,688 respectively; 83 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

State Teachers Retirement System

Plan Description – The School District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians’ fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District’s contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were $16,455, $15,254, and $14,679 respectively; 83 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

NOTE 11 – EMPLOYEE BENEFITS

The Academy provides life and medical/surgical and dental benefits to most employees through United Health Care of Ohio and Dental Care Plus.

NOTE 12 – CONTINGENCIES

Grants

The Academy 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 Academy. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Academy on June 30, 2008.

State Funding

The Ohio Department of Education reviews enrollment data and full time equivalency (FTE) calculations made by the schools. These reviews ensure the schools are reporting accurate student enrollment data of the State, upon which state foundation funding is calculated. For fiscal year 2009, the review is pending completion in January 2006. For the Academy, there was an insignificant variance between the amount received to date and the final payment in 2007; an insignificant variance is expected for fiscal year 2009 as well. This variance will have no effect on the financial standing of the Academy.

NOTE 13 – RELATED PARTY TRANSACTIONS

ROAR Education, also known as Education Catalysts, an entity formed to provide training to school operators, teachers, and staff, was operated from the same location as CCPA during 2008 and did not pay for use of the facilities.

Board Member Ron Gore was also on the YMCA Board.

An agreement was entered into in February 2005 between the YMCA and CCPA to form “West End Cincinnati Victory Partners.” The LLC owns and maintains the building which the Academy and the YMCA occupy. The Academy owns 75% of the LLC – (see 2005 audit report note 6).

Eleven payments totaling $52,310 were made during the fiscal year to the YMCA, of which Joe Calloway, CCPA Board member, is Executive Director.

NOTE 14 – PURCHASED SERVICES

For the year ended June 30, 2008, purchased service expenses were comprised of the following:

Physical Education	$ 23,659
Travel and Meetings	22,536
Professional and Technical	325,634
Communication	56,049
Property Services	73,683
Utilities	85,890
Other	2,010
Total Purchased Services	$ 589,461

CINCINNATI COLLEGE PREPARATORY ACADEMY
HAMILTON COUNTY

FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2008

FEDERAL GRANTOR ***Pass Through Grantor*** Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Ohio Department of Education				
Nutrition Cluster:				
National School Breakfast Program	05-PU	10.553	$84,998	$84,998
National School Lunch Program	LL-P1 & LL-P4	10.555	250,105	250,105
Total U.S. Department of Agriculture			**335,103**	**335,103**
U.S. DEPARTMENT OF EDUCATION				
Passed Through Ohio Department of Education:				
Special Education Grants to States (Title VI-B)	6B-SF	84.027	136,463	123,929
Grants to Local Educational Agencies (Title I)	C1-S1	84.010	403,530	403,530
Safe and Drug Free Schools	DR-S1	84.186	7,524	6,770
Title II-D - Technology Literacy Challenge Fund Grants	TJ-S1	84.318	4,589	4,589
Improving Teacher Quality	TR-S1	84.367	22,013	22,013
Title V - Innovative Education Program Strategies	C2-S1	84.298	1,005	1,005
Total U.S. Department of Education			**575,124**	**561,836**
Total			**$910,227**	**$896,939**

The accompanying notes are an integral part of this schedule.

NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2008

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Cincinnati College Preparatory Academy (the Academy's) federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

The Academy commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the Academy assumes it expends federal monies first.

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

Cincinnati College Preparatory Academy
Hamilton County
1425 Linn Street
Cincinnati, Ohio 45202

To the Board Members and Sponsor:

We have audited the basic financial statements of the Cincinnati College Preparatory Academy, Hamilton County, Ohio (the Academy),, as of and for the year ended June 30, 2008, and have issued our report thereon dated October 24, 2012, wherein we disclose that the Auditor of State is conducting a special audit of the Academy and results of the special audit will be disclosed in a separate report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Academy's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Academy's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider findings 2008-003 and 2008-004 described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Academy's internal control will not prevent or detect a material financial statement misstatement.

Corporate Centre of Blue Ash, 11117 Kenwood Road, Blue Ash, Ohio 45242
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www.auditor.state.oh.us

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. Of the significant deficiencies described above, we believe finding number 2008-003 is also a material weakness.

We also noted certain internal control matters that we reported to the Academy's management in a separate letter dated October 24, 2012.

Compliance and Other Matters

As part of reasonably assuring whether the Academy's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 2008-001 through 2008-004.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Academy's management in a separate letter dated October 24, 2012.

The Academy's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Academy's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management, the Board, the Community School's sponsor, and federal awarding agencies and pass-through entities and others within the Academy. We intend it for no one other than these specified parties.

Dave Yost

Dave Yost
Auditor of State

October 24, 2012

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Cincinnati College Preparatory Academy
Hamilton County
1425 Linn Street
Cincinnati, Ohio 45202

To the Board Members and Sponsor:

Compliance

We have audited the compliance of the Cincinnati College Preparatory Academy, Hamilton County, Ohio (the Academy), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended June 30, 2008. The summary of auditor's results section of the accompanying schedule of findings and questioned costs identifies the Academy's major federal programs. The Academy's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Academy's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Academy's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Academy's compliance with those requirements.

As described in findings 2008-003 and 2008-004 in the accompanying schedule of findings and questioned costs, the Academy did not comply with requirements regarding Level of Effort and Allowable Costs applicable to its Title I Grants to Local Educational Agencies grant. Compliance with these requirements is necessary, in our opinion, for the Academy to comply with requirements applicable to this program.

In our opinion, except for the noncompliance described in the preceding paragraph, the Cincinnati College Preparatory Academy complied, in all material respects, with the requirements referred to above applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The Academy's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Academy's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the Academy's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Academy's ability to administer a federal program such that there is more than a remote likelihood that the Academy's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as findings 2008-003 and 2008-004 to be significant deficiencies.

A material weakness is significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that the Academy's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements. We consider finding 2008-003 described in the accompanying schedule of findings and questioned costs to be a material weakness.

The Academy's responses to the findings we identified are described in the accompanying schedule of findings and questioned costs. We did not audit the Academy's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of the audit committee, management, Board, the Community School's sponsor, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

Dave Yost

Dave Yost
Auditor of State

October 24, 2012

CINCINNATI COLLEGE PREPARATORY ACADEMY
HAMILTON COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2008

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unqualified
(d)(1)(ii)	**Were there any material control weaknesses reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	Yes
(d)(1)(iv)	**Were there any material internal control weaknesses reported for major federal programs?**	Yes
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	Yes
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Qualified
(d)(1)(vi)	**Are there any reportable findings under § .510(a)?**	Yes
(d)(1)(vii)	**Major Programs (list):**	Child Nutrition Cluster, CFDA 10.553, 10.555, 10.556, 10.559 Title I Grants To Local Educational Agencies (Title I Basic, Concentration, and Targeted Grants), CFDA 84.010
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 300,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee?**	No

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

FINDING NUMBER 2008-001

Material Noncompliance

The Policies of the Governing Authority of Cincinnati College Preparatory Academy Section 148.1 Purchasing/Invoicing (B) (C) states "that before placing a purchase order, each party authorized to place a purchase order should consider whether the material requested may be available elsewhere in the school. In the interests of economy, fairness and efficiency, the Board requires that:

FINDING NUMBER 2008-001
(Continued)

B. Blanket purchase orders will be approved by the board annually for regularly recurring or anticipated expenditures over $1000.00.

C. Purchases at or below $100 shall not require a purchase order, particularly those for building supplies or repairs, vehicle fuel, office supplies, food or restaurant meeting expenses, sundry items such as pet food, or travel expenses when away from the School. However, these items will be reviewed on monthly statements be designated parties."

5 out of 30 (17%) expenditures selected for testing did not have a purchase order. Failure of the Academy to execute a purchase order prior to making an expenditure could result in overspending funds and negative cash fund balances. We recommend the Academy execute a purchase order prior to making expenditures as required by their policies.

Officials' Response:

Greater care will be taken in the future to ensure that a purchase order or approval exists for purchases.

FINDING NUMBER 2008-002

Finding For Recovery

Ohio Rev. Code, Section 3314.025, states in part the governing authority of a start-up community school may provide by resolution for the compensation of each of its members in an amount up to one hundred twenty-five dollars for each meeting of the governing authority that the member attends. *Auditor of State Bulletin 2003-005* states that government entities may not make expenditures of public monies unless they are for a valid public purpose. The Bulletin addresses the requirements necessary to ensure that an entity's expenditure of public funds is for a proper public purpose.

Ohio Attorney General Opinion 82-006 addressed the expenditure of funds for public purposes. This opinion, citing the Ohio Supreme Court case *States ex rel. McClure v. Hagerman, 155 Ohio St. 329 (1951)*, provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. .

According to the September 2006 minutes, the Board approved compensation for each board meeting to be one hundred dollars per meeting attended. We noted the number of board meetings each Board member attended and the respective amount due to each member. Amounts due were compare to actual payments made. We noted the following 4 board members were overcompensated:

Board Member Name	Total Meetings Attended	Total Amount Paid (From Expenditure Ledger)	Total Amount Due	Amount Overpaid
Ron Gore	7	$1,250	$700	$550
Joe Calloway	7	1,000	700	300
Franklin Mayfield	6	800	600	200
Ickey Woods	5	800	500	300

FINDING NUMBER 2008-002
(Continued)

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code, Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Ron Gore in the amount of $550; Joe Calloway in the amount of $300; Franklin Mayfield in the amount of $200; and Ickey Woods in the amount of $300 and in favor of the Cincinnati College Preparatory Academy.

Additionally, under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is liable for the amount of the expenditure. Seward v. National Surety Corp. (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074: Ohio Rev. Code Section 9.39; State ex. Rel. Village of Linndale v. Masten (1985), 18 Ohio St. 3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att'y Gen. No. 80-074.

Accordingly, Fiscal Officer Stephanie Millard is jointly and severally liable in the amount of $1,350 and in favor of the Cincinnati College Preparatory Academy.

Officials' Response:

Mr. Gore has submitted an installment plan to the Treasurer for approval and intends to repay the balance in full. Mr. Calloway has indicated he will make payment to the Academy. Greater care will be taken in the future to obtain approval and document the payments to Board members and the reason for such payments.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

FINDING NUMBER 2008-003

CFDA Title and Number	Title I Grants To Local Educational Agencies (Title I Basic, Concentration, and Targeted Grants), CFDA 84.010
Federal Award Number / Year	2008
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

Noncompliance/Questioned Cost/Material Weakness/Significant Deficiency – Level of Effort, Supplement not Supplant

Title I, Part A, Section 1120A(b) of ESEA (20 USC 6321(b) states that a State educational agency or local educational agency shall use Federal funds received under this part only to supplement the funds that would, in the absence of such Federal funds, be made available from non-Federal sources for the education of pupils participating in programs assisted under this part, and not to supplant such funds.

In the following instances, it is presumed that supplanting has occurred:

a. The LEA used Federal funds (except Bilingual) to provide services that the LEA was required to make available under other Federal, State or local laws.

b. The LEA used Federal funds to provided services that the LEA provided with non-Federal funds in the prior year.

FINDING NUMBER 2008-003
(Continued)

c. The LEA used Title I, Part A or MEP funds to provide services for participating children that the LEA provided with non-Federal funds for nonparticipating children.

During 2008, the Academy paid 100% of salaries and fringe benefits for five regular classroom teachers totaling $462,383 out of Title I funding. Since the Academy operated a Targeted Assistance Program during this year, allocating the entire amount of these teacher's salaries is evidence that supplanting has occurred.

Because the costs described above are evidence that supplanting has occurred, we are questioning payroll expenses totaling $462,383 paid from the Title I grant. Failure to comply with grant requirements could result in future questioned costs and potential loss of federal financial assistance. Failure to comply with grant requirements could result in future questioned costs and potential loss of federal financial assistance. We recommend that the Academy comply with all grant requirements.

Officials' Response:

The Academy will take great care to ensure compliance with grant requirements. More documentation will be provided in the future for any Targeted Assistance teachers and the students taught in the program. This issue was resolved in 2009 through the conversion of to a Schoolwide program and is not expected to recur.

FINDING NUMBER 2008-004

CFDA Title and Number	Title I Grants To Local Educational Agencies (Title I Basic, Concentration, and Targeted Grants), CFDA 84.010
Federal Award Number / Year	2008
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

Noncompliance/Questioned Cost/Significant Deficiency – Allowable Costs

2 C.F.R. 225 Appendix B Sections 1 through 43 provide principles to be applied in establishing the allowability or unallowability of certain items of cost. These principles apply whether a cost is treated as direct or indirect. A cost is allowable for Federal reimbursement only to the extent of benefits received by Federal awards and its conformance with the general policies and principles stated in Appendix A to this part. Failure to mention a particular item of cost in these sections is not intended to imply that it is either allowable or unallowable; rather, determination of allowability in each case should be based on the treatment or standards provided for similar or related items of cost.

2 C.F.R. 225 Appendix A Section (E) sets the guidelines for determining if a direct cost is considered to be allowable per the federal program. These guidelines state:

1. General. Direct costs are those that can be identified specifically with a particular final cost objective.

2. Application. Typical direct costs chargeable to Federal awards are:

   a. Compensation of employees for the time devoted and identified specifically to the performance of those awards.

FINDING NUMBER 2008-004
(Continued)

b. Cost of materials acquired, consumed, or expended specifically for the purpose of those awards.

c. Equipment and other approved capital expenditures.

d. Travel expenses incurred specifically to carry out the award.

The School is required to identify all expenditures that are specifically for the performance of Title I services and determine if the expenditure is allowable per 2 C.F.R. 225 Appendix A before expending money from Title I funds. Failure to properly identify allowable costs to the Title I federal program may lead to monies having to be paid.

The Academy failed to follow the above guidelines in the following instances:

- Two non-payroll expenses totaling $11,000 were for costs deemed to be unallowable because the costs were related to trainings and events that were not specifically for the purpose of the Title I program.

- One non-payroll expense for $4,564 for a staff tribute event that cannot be identified specifically with a particular cost objective of the Title I program.

- Four non-payroll expenses totaling $8,560 were for costs deemed to be unallowable because the costs were related to supply purchases that were not for the Title I program.

The total unallowable costs paid from the Title I fund are broken down by category in the following table:

Fund	Category	Amount
572	Community program with food and entertainment which could not be identified specifically with a particular cost objective relating to the program.	$ 9,500
572	Training for virtual high school; however high school students not eligible for program	1,500
572	Catering for a staff tribute event that was not specifically for the performance of Title I.	4,564
572	650 parent handbooks purchased; only 197 student eligible for program.	4,329
572	Textbook purchases for ninth grade students, no ninth grade students eligible for program.	1,861
572	High School biology textbook purchased; no high school students eligible for Title I program.	1,790
572	Credit card purchase for which no supporting documentation was provided	578
	Total	$ 24,124

We recommend the Academy follow 2 C.F.R. 225 Appendix A and B to determine which expenditures are considered to be allowable to be used from federal funds. By following 2 C.F.R. 225 Appendix A and B, the Academy can ensure federal funds are being expended properly and reduce the possiblility of the Academy having to return federal funds or havingfederal funds withheld in future years.

Officials' Response:

The Academy will review 2 CFR 225 Appendices A and B to ensure that federal funds are being expended properly.

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CINCINNATI COLLEGE PREPARATORY ACADEMY
HAMILTON COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***:
2007-001	Noncompliance – Blanket purchase orders not executed.	No	Not Corrected, Reissue as Finding 2008-001.
2007-002	Finding For Recovery – Board Members	No	Not Corrected, Reissue as Finding 2008-002.
2007-003	Questioned Cost – Level of Effort, Title I	No	Not Corrected, Reissue as Finding 2008-003.
2007-004	Questioned Cost – Allowable Costs, Title I	No	Not Corrected, Reissue as Finding 2008-004.

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Dave Yost • Auditor of State

CINCINNATI COLLEGE PREPARATORY ACADEMY

HAMILTON 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
DECEMBER 18, 2012

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