INTERNATIONAL COLLEGE PREPARATORY ACADEMY
HAMILTON COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2008

Dave Yost • Auditor of State

INTERNATIONAL COLLEGE PREPARATORY ACADEMY
HAMILTON COUNTY

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

International College Preparatory Academy
Hamilton County
11260 Chester Road, Suite 230
Cincinnati, Ohio 45246

To the Board of Trustees and Sponsor:

We were engaged to audit the accompanying basic financial statements of the International College Preparatory Academy, Hamilton County, Ohio (the School), 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 School's management.

The School did not make available the minute records of the Board.

The School did not provide evidence of its cash and cash equivalents as of June 30, 2008. The School failed to maintain correct and complete books and records of account, the School did not provide financial records which recorded the identity of all checks prepared for payments made, cancelled checks were not maintained, and original documentation was not made available to support payment. For the period covered by this engagement, the bank accounts had not been reconciled.

The School did not provide a complete and accurate listing of revenues collected from all sources.

The School did not maintain any records supporting payments made to employees (valid time cards, valid time sheets, and employee employment contracts). We were unable to identify the total amount of payments made to the school employees for payroll purposes.

The School failed to maintain original supporting documentation which itemized and identified capital assets purchased.

The School failed to maintain financial records of the expenditures made from the federal grant funds. The School did not prepare a federal awards expenditure schedule which would present additional information and is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States and Local Governments and Non-Profit Organizations*.

Management has not provided written representations, which are required by auditing standards generally accepting in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Thus we were unable to obtain written representations related to the financial statements; completeness of information; and recognition, measurement and disclosure of misstatements, fraud, unasserted claims, undisclosed liabilities and violations of law and regulations by management.

Due to the significance of the matters discussed in the paragraphs two through eight above, the scope of our auditing procedures was not sufficient to enable us to express, and we do not express an opinion on the financial activity of the School.

On November 14, 2008, the School's sponsor, Educational Resource Consultants, Inc., elected to close the School.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 29, 2012, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing.

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 were unable to apply procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. We do not express an opinion or provide any assurance on the information because we were unable to obtain sufficient evidence to express an opinion or provide any other assurance.

We were engaged to opine on the financial statements that collectively comprise the School's basic financial statements taken as a whole. The School has omitted the federal awards expenditure schedule the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* requires. The federal awards expenditure schedule is management's responsibility. Management did not present a federal awards expenditure schedule and we were unable to obtain written representations from the School's management. Because of the significance of these matters, it is inappropriate to and we do not express an opinion on the federal awards expenditure schedule, We did not subject the federal awards expenditure schedule to the auditing procedures applied in the audit of the basic financial statements and, accordingly we express no opinion or any other assurance on it.

Dave Yost

Dave Yost
Auditor of State

September 6, 2012

INTERNATIONAL COLLEGE PREPARATORY ACADEMY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
(UNAUDITED)

The discussion and analysis of the International College Preparatory Academy Community School's financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the School'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 Government issued 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 decreased $2,070,650 from the beginning of the year.

- Total assets decreased $264,088 from the beginning of the year. This decrease was the result of the School paying off liabilities during the year and leaving a smaller amount in Equity in pooled cash..

- Liabilities increased $1,806,566 from the beginning of the year mainly due to the management company not covering the loss for the fiscal year 2007-2008 as it did in 2006-2007.

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 and the Statement of Revenues, Expenses and Changes in Net Assets answers the question, "How did we do financially during 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 School's net assets for fiscal year 2008 and fiscal year 2007

(Table 1)
Net Assets

	2007	2007
Assets		
Current Assets	$ 99,739	$ 310,234
Land	$ -	$ -
Capital Assets, Net	$ 110,025	$ 163,617
Total Assets	$ 209,763	$ 473,851
Liabilities		
Current Liabilities	$ 5,493,420	$ 3,686,854
Total Liabilities	$ 5,493,420	$ 3,686,854
Net Assets		
Invested in Capital Assets	$ 110,025	$ 163,617
Unrestricted	$(4,370,385)	$(3,376,621)
Total Net Assets	$(4,260,360)	$(3,213,003)

Total assets decreased $264,088 from the beginning of the year. Decrease is due to a smaller balance in equity pooled cash. Liabilities increased $1,806,566 from the beginning of the year mainly due to the management company not covering the loss for the fiscal year 2007-2008 as it did in fiscal year 2006-2007. Capital Assets decreased by $53,592 which was mainly a result of depreciation.

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)
Change in Net Assets

	2007	2007
Operating Revenue		
Extracurricular and Lunchroom Sales	11,132	12,808
Foundation Payments	2,980,144	3,336,403
Poverty Based Assistance	551,294	665,846
Other Revenues	54,204	1,587,403
Non-Operating Revenue		
Federal and State Grants	690,296	631,121
Interest Income	2,738	14,720
Federal and State Meal Subsidies	266,012	269,306
Total Revenue	4,555,821	6,517,607
Operating Expenses		
Salaries	2,398,399	2,285,140
Fringe Benefits	779,434	660,997
Purchased Services	2,239,746	2,365,771
Materials and Supplies	714,172	716,014
Cost of Sales-Lunchroom	227,866	251,484
Depreciation	66,343	68,950
Other Expenses	200,509	169,013
Total Expenses	6,626,471	6,517,369
Change in Net Assets	(2,070,650)	238
Net Assets Beginning of Year	(3,213,003)	(3,213,241)
Ending Net Assets	(5,283,653)	(3,213,003)

Community Schools receive no support from tax revenues.

Capital Assets

At the end of fiscal year 2008 the School had $110,025 (net of depreciation), invested in furniture, fixtures, and equipment, which represented a decrease of $ 53,592 from 2007.

Current Financial Issues

The International College Preparatory Academy was formed in 2003, with its first year of operation in 2003-2004. Hence 2007-2008 is the fifth year of operation. During the 2007-2008 school year, there were approximately 525 students enrolled in the School. The School receives its finances mostly from state aide. Base per pupil aide for fiscal year 2008 amounted to $5,565 per student. The school had a deficit of $5,283,653 at June 30, 2008.

Contacting the School's Financial Management

This financial report is designed to provide our citizen's with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional information contact International College Preparatory Academy, 7030 Reading Suite 130, Cincinnati, Ohio 45237.

International College Preparatory Academy
Statement of Net Assets
June 30, 2008

Assets	FY 08	FY 07
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	$9,041	$219,504
Intergovernmental Receivables (non-operating activities)	90,698	90,730
Total Current Assets	99,739	310,234
Non-Current Assets:		
Capital Assets:		
Depreciable Capital Assets, Net	110,025	163,617
Total Non-Current Assets	110,025	163,617
Total Assets	$209,763	$473,851
Liabilities		
Current Liabilities:		
Accounts Payable	134,108	57,052
Accrued Wages and Benefits	254,809	217,114
Management Company Payable	5,104,503	3,412,688
Total Current Liabilities	5,493,420	3,686,854
Total Liabilities	5,493,420	3,686,854
Net Assets		
Invested in Capital Assets:	110,025	163,617
Unrestricted-Accumulated Surplus/(Deficit)	($4,370,385)	($3,376,621)
Total Net Assets	($4,260,360)	($3,213,003)

See accompanying notes to the basic financial statements

International College Preparatory Academy

Statement of Revenues, Expenses and

Changes in Net Assets

For the Fiscal Year Ended June 30, 2008

Operating Revenues	**FY 08**	**FY 07**
Extracurricular and Lunchroom Sales	$11,132	$12,808
Foundation Payments	2,980,144	3,336,403
Poverty Based Assistance (fka DPIA)	551,294	665,846
Other Revenues	54,204	1,587,403
Total Operating Revenues	3,596,775	5,602,460
Operating Expenses		
Salaries	2,398,399	2,285,140
Fringe Benefits and Payroll Taxes	779,434	660,997
Purchased Services	2,239,746	2,365,771
Materials and Supplies	714,172	716,014
Cost of Sales - Lunchroom	227,866	251,484
Depreciation	66,343	68,950
Other	200,509	169,013
Total Operating Expenses	6,626,471	6,517,369
Operating Loss	(3,029,695)	(914,909)
Non-Operating Revenues and (Expenses)		
Other Federal and State Grants	690,296	631,121
Interest Income	2,738	14,720
Federal and State Meal Subsidies	266,012	269,306
Total Non-Operating Revenues and Expenses	959,046	915,147
Income Before Contributions	(2,070,650)	238
Capital Contributions	0	0
Change in Net Assets	(2,070,650)	238
Net Assets Beginning of Year (restated)	(3,213,003)	(3,213,241)
Net Assets End of Year	($5,283,653)	($3,213,003)

See accompanying notes to the basic financial statements

International College Preparatory Academy
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2008

Increase (Decrease) in Cash and Cash Eahuivalents:	**FY 08**	**FY 07**
Cash Flows from Operating Activities:		
Cash Received from Customers	$11,132	$12,808
Cash Received from Others	204,204	40,468
Cash Received from Foundation Payments	2,980,144	3,221,609
Cash Received from Poverty Based Assistance	551,294	665,846
Cash Payments to Suppliers for Goods and Services	(1,557,711)	(2,132,950)
Cash Payments to Employees for Services	(2,372,864)	(2,304,592)
Cash Payments for Employee Benefits	(777,788)	(634,254)
Cash Payments to Others	(195,201)	(169,090)
Net Cash Used for Operating Activities	(1,156,790)	(1,300,155)
Cash Flows from Noncapital Financing Activities:		
Federal and State Subsidies Received	321,035	236,845
Operating Grants Received	635,304	740,504
Net Cash Provided by Noncapital Financing Activities	956,339	977,349
Cash Flows from Capital and Related Financing Activities:		
Payments for Capital Acquisitions	(12,750)	(37,995)
Net Cash Used for Noncapital Financing Activities	(12,750)	(37,995)
Cash Flows from Investing Activities:		
Other Non-Operating Revenues	2,738	14,720
Net Increase (Decrease) in Cash and Cash Equivalents	(210,463)	(346,081)
Cash and Cash Equivalents at Beginning of Year	219,504	565,585
Cash and Cash Equivalents at End of Year	$9,041	$219,504

International College Preparatory Academy
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2008
(continued)

Reconciliation of Operating Loss to Net <u>Cash Used for Operating Activities:</u>	**FY 08**	**FY 07**
Operating Loss	($3,029,695)	($914,909)
Adjustments to Reconcile Operating <u>Income to Net Cash Provided by Operating Activities</u>		
Depreciation	66,343	68,950
Changes in Assets and Liabilities:		
Decrease / (Increase) in Intergovermental Receivable Operating Activities	0	0
Decrease / (Increase) in Prepaid Items	0	0
(Decrease) / Increase in Accounts Payable	77,056	(50,828)
(Decrease) / Increase in Due to Sponsor/State	0	0
(Decrease) / Increase in Accrued Wages and Benefits	37,695	31,213
(Decrease) / Increase in Intergovernmental Payable	0	(114,793)
(Decrease) / Increase in Management Company Payable	1,691,816	(319,788)
Total Adjustments	1,872,910	(385,246)
Net Cash Used for Operating Activities	(1,156,786)	(1,300,155)

See accompanying notes to the basic financial statements

1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

International College Preparatory Academy, Hamilton County, Ohio (the School), is a nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to address the needs of students in grades kindergarten through ninth. The School, which is part of the State's education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School. International College Preparatory Academy Community School may apply and qualify as an exempt organization under Section 501c (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 School was approved for operation under contract with the Board of Trustees of the University of Toledo which is now referred to as Ohio Council of Community Schools (the Sponsor) for a period of five years commencing July 30, 2003. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

The School 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 School's one instructional/support facility staffed by 8 non-certified and 43 certificated full time teaching personnel who provide services to 525 students.

The School contracts with Cincinnati Education Management LLC as the Education Provider. The Education Provider is not a division, subsidiary, or part of the Board, and functions as an independent contractor to the Board. The responsibilities of the Education Provider include: hire the School Director, with consultation from the Board; hire administrative staff as required; manage and operate the school; secure and maintain insurance; and educate the children enrolled in the School. The Education Provider is responsible and accountable to the Board for the administration, operation and performance of the School in accordance with the Charter.

Under the current agreement, the Educational Provider is paid the following percentage of revenue as fees: license fees, 6%; management fees, 8%. Also, in the event of a year-end surplus, the Educational Provider is entitled to the entire surplus as allowable by Community School Law and other applicable laws.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the International College Preparatory Academy Community School 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 School 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 School's accounting policies are described below.

A. Basis Of Presentation

The School'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. The School uses enterprise accounting to monitor its financial records. Enterprise fund reporting focuses on the determination of the change in net assets, financial position and cash flows.

B. 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 School finances and meets the cash flow needs of its enterprise activities.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The School'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 School 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, matching requirements, in which the School must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School on a reimbursement basis.

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 budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided in the contract between the School and its sponsor. The contract between the School and its Sponsor requires the school to follow Ohio Revised Code 5705.39.1 and prepare a five year projection. However, no budgetary information is presented in the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash Deposits

All monies received by the School are accounted for by the School's Business Manager. For cash management, all cash received by the chief financial officer is pooled in a central bank account. Total cash for the School is presented as "equity in pooled cash" on the accompanying statement of net assets.

The School had investments in commercial paper which is represented as a recurring sweep transaction in the operating account.

F. 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 School maintains a capitalization threshold of five hundred dollars. The School 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 an asset's life 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 10 - 20 years Vehicles 3 - 10 years

G. Net Assets

Net assets represent the difference between assets and liabilities. Invested in capital assets, consists of capital assets, net of accumulated depreciation.

H. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activities. For the School, 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 service that is the primary activity of the School. 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.

3. DEPOSITS

At fiscal year end, the carrying amount of the School's deposits was ($90,218), and the bank balance was $86,216. Of the bank balance, $86,216 was covered by federal depository insurance.

Investments: The School had Commercial Paper of $ 309,722.81 at June 30, 2008.

As of June 30, 2008, the school had the following investments. All investments are in an investment pool

	Fair Value
Commercial Paper	$309,722.81

Interest Rate Risk: The School has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School, and that an investment must be purchased with the expectation that it will be held to maturity. Commercial paper must mature within 180 days.

Credit Risk: The underlying securities of the repurchase agreement (Freddie Mac Collateralized Mortgage Obligation and Federal national Mortgage Association) carry a rating of Aaa by Moody's and AAA by Standard & Poor's The School does not have an investment policy that addresses investment credit risk beyond the requirements in the State statute.

Concentration of Credit Risk: The School's investments in commercial paper represents 100 percent of the School's total investments.

4. RECEIVABLES

Receivables at June 30, 2008, consisted of inter-governmental receivables. All receivables are considered collectible in full and will be received within one year. A summary of the principal items of intergovernmental receivables follows:

Federal Entitlement Grants $90,697.80

Total All Intergovernmental Receivables $ 90,697.80

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2007:

	Balance 6/30/07	Additions	Deletions	Balance 6/30/08
Business-Type Activity				
Capital Assets Being Depreciated				
Furniture, Fixtures, and Equipment	390,219	12,750	0	402,969
Total Capital Assets Being Depreciated	390,219	12,750	0	402,969
Less Accumulated Depreciation:				
Furniture, Fixtures, and Equipment	(226,602)	(66,343)	0	(292,945)
Vehicles	0	0	0	0
Total Accumulated Depreciation	(226,602)	(66,343)	0	(292,945)
Total Capital Assets Being Depreciated, Net	163,617	(53,592)	0	110,025
Business-Type Activity Capital Assets, Net	$163,617	($53,592)	$0	$110,025

6. RISK MANAGEMENT

A. Property and Liability

The School is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2008, the School contracted with St. Paul Fire and Marine Insurance Company for general liability and property insurance and Steadfast Insurance Company for educational errors and omissions insurance. Settled claims have not exceeded this commercial coverage since formation of School. There has been no significant change in insurance coverage from last year.

B. Workers Compensation

The School 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.

7. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School 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, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute at an actuarially determined rate. The current School rate is 14 percent of annual covered payroll. A portion of the School's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2007, 10.68 percent 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, up to a statutory maximum amount, by the SERS' Retirement Board. The School's required contributions for pension obligations to SERS for the fiscal year ended June 30 2008, 2007, 2006, and 2005 were $129,612,$105,333,$94,250, $74,497 respectively. 100 percent has been contributed for the fiscal year 2008 and 100 percent for fiscal years 2007, 2006, and 2005.

B. State Teachers Retirement System of Ohio

The School 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 (614) 227-4090 or by visiting the 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 times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent 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. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

7. DEFINED BENEFIT PENSION PLANS (Continued)

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, 2007, plan members were required to contribute 10 percent of their annual covered salaries. The School was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2006, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, 2006, and 2005 were $231,906 $203,007, $178,773, and $107,353respectively. 100 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007, 2006, and 2005. Contributions to the DC and combined plans for fiscal year 2008 were $145,005 made by the plan members.

8. POSTEMPLOYMENT BENEFITS

The School provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

All STRS Ohio retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2008, the STRS Ohio Board allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. For the School, this amount equaled $10,533 for fiscal year 2008.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2008, the balance in the Fund was $4.07 billion. For the year ended June 30, 2008, net health care costs paid by STRS Ohio were $265,558,000 and STRS Ohio had 122,934 eligible benefit recipients.

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008 (Continued)

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, medicare eligibility, and retirement status.

8. POSTEMPLOYMENT BENEFITS (Continued)

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2008, employer contributions to fund health care benefits were 3.32 percent of covered payroll compared to 3.42 percent of covered payroll for fiscal 2006. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit.
For fiscal year 2008, the minimum pay was established at $35,800. However the surcharge is capped at two percent of each employer's SERS salaries. For the school, the amount contributed to fund health care benefits, including the surcharge, during the 2008 fiscal year equaled $15,048.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2008, were $195,496,097 and the target level was $274.4 million. At June 30, 2008, SERS had net assets available for payment of health care benefits of $300.8 million. SERS has approximately 50,000 participants eligible to receive benefits.

9. EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from policies and procedures approved by the Board of Directors.

Vacation Leave: Calendar year employees who are regularly scheduled to work 25 or more hours per week are eligible for vacation leave. Teachers or employees following the academic year calendar are not eligible for vacation leave. Unused accrued vacation leave days may be carried forward into the next year at the rate of one-half of the employee's annual accrual rate. The vacation carried forward is determined as of August 31 each year. Employees who have one year of service or more have access to 50% of their annual vacation accrual at September 1.

If an employee's employment terminates, only the days fully earned at the time of termination would be accrued. No cash out of vacation accrued from year to year unless specifically granted through approval by the President. Accrued vacation leave in excess of amount allowed to be carried forward at September 1 is lost. Upon resignation and receipt of at least two weeks' notice, the Employer will pay in a lump sum payment an amount equal to the individual's daily rate times the number of unused accrued vacation leave days as of the termination date.

Sick Leave: All staff regularly scheduled to work 25 or more hours per week are eligible for sick leave. Teachers and academic year staff accrue one day per month September through May (up to 9 days accrued in an academic year). Calendar year staff accrues one day per month. Maximum days that can

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008 (Continued)

be accrued are 120 days. Accrual ceases until balance falls below maximum days. Sick leave is a privilege and is not to be used for any purposes
other than those identified in the sick leave policy. Sick leave is never converted into cash payments.

B. Insurance Benefits

The School provides life, dental and medical/surgical benefits to most employees through Anthem Blue Cross/Blue Shield, Ameritas and Sun Life.

10. CONTINGENCIES

A. Grants

The School received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grants agreement, and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the School. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School at June 30, 2008.

B. 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 2008, the review was completed in October 2008. For the School, there were no adverse findings.

11. NET WORKING CAPITAL DEFICIENCY

At June 30, 2008, the School had a net deficiency of $4,260,360 meaning that current liabilities were in excess of current assets by this amount. Management feels that much of this deficiency is the result of lower student enrollment than anticipated.

12. PURCHASED SERVICES

Purchased services were composed of the following:
Utilities $112,954
Rents 1,283,448
Advertising $22,333
Sponsor Oversight Fees $105,965
Contract Services $257,809
Royalty Fees $205,530
Management Fees $274,040

Total: $2,239,746

13. OPERATING LEASE

During the year ended June 30, 2008, the School leased classroom facilities and offices for a period of five years. The lease also grants the School an automatic 5 year renewal, upon the renewal of the School's charter. The lease payments are $106,954.17 a month payable in monthly installments. Payments totaled $1,283,450 for fiscal year 2008. As of June 30, 2008 the lease expired and was not renewed. Hence there are no future lease commitments subsequent to June 30, 2008.

14. SUBSEQUENT EVENTS

As of June 30, 2008 the school did not renew its contract with Cincinnati Education Management LLC. The school was currently sponsored by Educational Resource Consultants of Ohio and managed by DDS consultants. Effective ????? the school is now closed.

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

International College Preparatory Academy
Hamilton County
11260 Chester Road, Suite 230
Cincinnati, Ohio 45246

To the Board of Trustees and Sponsor:

We were engaged to audit the financial statements of the International College Preparatory Academy (the School) as of and for the year ended June 30, 2008, and have issued our report thereon dated September 6, 2012. Our report indicated that because we were unable to obtain written representations from the School's management and the School failed to adequately present or document revenue, disbursements, cash, capital assets, board minutes and federal reporting requirements, we did not express an opinion. In addition, our report indicated the School's operations terminated on November 14, 2008.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings and questioned costs we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the School's financial statements will not be prevented, or detected and timely corrected. We consider findings 2008-003, 2008-005, and 2008-007 described in the accompanying schedule of findings and questioned costs to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the School's financial statements are free of material misstatement, we were engaged to test 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 2008-007.

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

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

Dave Yost

Dave Yost
Auditor of State

September 6, 2012

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

International College Preparatory Academy
Hamilton County
11260 Chester Road, Suite 230
Cincinnati, Ohio 45246

To the Board of Trustees and Sponsor:

Compliance

We were engaged to audit the compliance of International College Preparatory Academy (the School) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of its major federal programs for the year ended June 30, 2008. As described in the *summary of auditor's results* section of the accompanying schedule of findings and questioned costs, we were unable to identify major programs or perform the auditing procedures over the School's types of compliance requirements because the School failed to prepare a Federal Awards Expenditure Schedule. The School'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 School's compliance based on our audit.

We were unable to conduct our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; 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 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 School's compliance with those requirements and performing other procedures we considered necessary in the circumstances. Our engagement does not provide a legal determination on the School's compliance with those requirements.

As described in findings 2008-008 through 2008-010 in the accompanying schedule of findings and questioned costs, the School did not present a schedule of federal awards receipts and expenditures and we were unable to obtain written representations from the School's management. We were also unable to identify the School's major programs or obtain sufficient documentation supporting the School's compliance with the types of compliance requirements the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* requires, nor were we able to satisfy ourselves as to the School's compliance with this these requirements by other auditing procedures..

Because of the matters described in the preceding paragraph, the scope of our auditing procedures was not sufficient to enable us to express, and we do not express, an opinion on whether the School complied with the requirements referred to above that could directly and materially affect each of its other major federal programs, had we been able to determine them, for the year ended June 30, 2008.

Corporate Centre of Blue Ash, 11117 Kenwood Road, Blue Ash, Ohio 45242
Phone: 513-361-8550 or 800-368-7419 Fax: 513-361-8577
www.auditor.state.oh.us

Internal Control Over Compliance

The School'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 School'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 opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School's internal control over compliance.

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questions costs as items 2008-008 through 2008-010 to be material weaknesses.

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

Dave Yost

Dave Yost
Auditor of State

September 6, 2012

**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**	**Disclaimer**
(d)(1)(ii)	**Were there any material control weaknesses reported at the financial statement level (GAGAS)?**	**Yes**
(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?**	**No**
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	**Disclaimer**
(d)(1)(vi)	**Are there any reportable findings under § .510(a)?**	**Yes**
(d)(1)(vii)	**Major Programs (list):**	**Unable to determine.**
(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

Finding For Recovery - Repaid

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (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. Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper Public Purpose states that the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

FINDING NUMBER 2008-001
(Continued)

Ed Giese, School Treasurer, signed and endorsed checks made payable to himself in the amount of $893. There was no supporting documentation for these expenditures. In addition, Ed Giese signed checks for items or services lacking supporting documentation and deemed to be improper public purposes in the amount of $3,657. Therefore, expenditures lacking supporting documentation total $4,550.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Ed Giese in the amount of $4,550, and in favor of the International College Preparatory Academy, in the amount of $4,550.

In addition, 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 such expenditure. Steward v. National Surety Co. (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 such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and 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.

Derrick Shelton, School Superintendent, signed some of the checks noted above lacking supporting documentation resulting in improper payments. Derrick Shelton, will be jointly and severally liable in the amount of $3,385 and in favor of the International College Preparatory Academy to the extent that recovery is not obtained from Ed Giese.

Mr. Giese repaid the $4,550 finding for recovery to the Ohio Attorney General's Collection Enforcement Division.

Officials' Response:

Response below provided by former Treasurer, Ed Giese:

The attorney for the Governing Authority ordered Mr. Giese to turn over all financial records to the Governing Authority, and Mr. Giese indicated he did turn over the records to the Governing Authority. The Governing Authority did not answer subpoenas to produce the records necessary to substantiate all expenditures. If the records were produced, they would show that the expenses were all used for legitimate public purposes.

Auditor of State Response:

The finding for recovery was issued against Mr. Giese because Mr. Giese did not present documentation of receipt of the records by the Governing Authority.

FINDING NUMBER 2008-002

Material Noncompliance

Ohio Revised Code Sec. 5705.391(A) requires School boards to prepare 5 year projections of revenues and expenditures. The plan must be approved by resolution and submitted to the Ohio Department of Education. The School did not submit a five year forecast to the Ohio Department of Education.

FINDING NUMBER 2008-002
(Continued)

Officials' Response:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2008-003

Material Noncompliance / Material Weakness

Ohio Admin. Code Sections 117-2-02(D) and (E) states that all local public offices may maintain accounting records in a manual or computerized format. The records used should be based on the nature of operations and services the public office provides, and should consider the degree of automation and other factors. Such records **should** include the following:

1. Cash journal, which typically contains the following information: The amount, date, receipt number, check number, account code, purchase order number, and any other information necessary to properly classify the transaction.

2. Receipts ledger, which typically assembles and classifies receipts into separate accounts for each type of receipt of each fund the public office uses. The amount, date, name of the payor, purpose, receipt number, and other information required for the transactions can be recorded on this ledger.

3. Appropriation ledger, which may assemble and classify disbursements or expenditure/expenses into separate accounts for, at a minimum, each account listed in the appropriation resolution. The amount, fund, date, check number, purchase order number, encumbrance amount, unencumbered balance, amount of disbursement, and any other information required may be entered in the appropriate columns.

4. In addition, all local public offices should maintain or provide a report similar to the following accounting records:

   a. Payroll records including:

      i. W-2's, W-4's and other withholding records and authorizations;

      ii. Payroll journal that records, assembles and classifies by pay period the name of employee, social security number, hours worked, wage rates, pay date, withholdings by type, net pay and other compensation paid to an employee (such as a termination payment), and the fund and account charged for the payments;

      iii. Check register that includes, in numerical sequence, the check number, payee, net amount, and the date;

      iv. Information regarding nonmonetary benefits such as car usage and life insurance; and

      v. Information, by employee, regarding leave balances and usage;

   b. Capital asset records including such information as the original cost, acquisition date, voucher number, the asset type (land, building, vehicle, etc.), asset description, location, and tag number. Local governments preparing financial statements using generally accepted accounting principles will want to maintain additional data. Fixed assets are tangible assets that normally do not change form with use and should be distinguished from repair parts and supply items.

FINDING NUMBER 2008-003
(Continued)

During the period July 1, 2007 through June 30, 2008, the School used the Southwest Ohio Computer Association (SWOCA) for its accounting and payroll system. However, the School provided no original documents supporting the accounting records.

Officials' Response:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2008-004

Material Noncompliance

Ohio Revised Code, Sec. 149.43, states public records will be available for inspection and copying. The School is required to follow this ORC per its sponsorship contract. All of the School's records were either lost or destroyed and therefore no records were available for inspection or copying.

Officials' Response:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2008-005

Material Noncompliance / Material Weakness

Ohio Revised Code, Sec. 149.351, provides that all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions provided for under sections 149.38 to 149.42 of the Revised Code. Such records shall be delivered by outgoing officials and employees to their successors and shall not be otherwise removed, transferred, or destroyed unlawfully.

We noted the following conditions related to school records:

- The School did not maintain support or any documentation for receipts. We were able to trace some receipts to third party verification. IE: State Distribution Transaction Listing, Federal Subsidy Summary Report, Summary Foundation Settlement Sheets, and the CCIP application on the Ohio Department of Education's website.

- The School did not make available the minute records of the Board, receipts or disbursement ledgers, a cash journal or general ledger, check register, expenditure documentation such as invoices, bank reconciliations, supporting documentation for any receipts, insurance policies, federal grants documentation.

- In relation to student data, the School did not provide grade cards, schedules, attendance records, transcripts, and student files for each student. The School did not provide supporting documentation for student full-time equivalents reported to the Ohio Department of Education (ODE); the full-time equivalencies are used by ODE to calculate the School's State Foundation Settlement payment amounts.

Failure to maintain supporting documentation can result in posting errors of financial activity and questions regarding funding received.

FINDING NUMBER 2008-005
(Continued)

Officials' Response:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2008-006

Material Noncompliance

Board Minutes

When read together, Ohio Rev. Code, Sections 121.22 and 149.43, imposed a duty on the school to maintain a full and accurate record of their proceedings. See, White v. Clinton Cty. Bd. Of Commrs., 76 Ohio St.3d 416 (1996). Minutes of meetings must be promptly recorded and open for public inspection. State, ex rel. The Fairfield Leader v. Ricketts, 56 Ohio St.3d 97 (1990).

The Board minutes for the audit period were not presented for review.

Officials' Response:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2008-007

Material Noncompliance/Material Weakness

Financial Statements

Management is responsible for implementing and maintaining a system of controls designed to enable management to determine the accuracy of financial transactions of the School. Also, management is responsible for developing and maintaining complete and accurate financial records.

Ohio Admin. Code, Section 117-2-02(A), requires public offices to maintain an accounting system and accounting records sufficient to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The School did not provide accounting records which were sufficient evidence to support the completeness of the Assets, Liabilities, and beginning and ending Net Assets, Revenues, Expenses, Cash Flows and Disclosures as presented on the financial statements of the School.

Ohio Revised Code, Section 117.38, provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code Section 117-2-03 further clarifies the requirements of **Ohio Revised Code, Section 117.38**. Ohio Administrative Code, Section 117-2-03, states, in part, that all community schools shall file annual financial reports which are prepared using generally accepted accounting principles (GAAP). Also, entities must publish notice in a local newspaper stating the financial report is available for public inspection at the office of the chief fiscal officer.

FINDING NUMBER 2008-007
(Continued)

The School did not file their annual report with the Auditor of State or publish notice in a local newspaper stating the report was available for inspection. Failure to file an annual report with the Auditor of State can result in penalties to the School. Failure to publish notice in the newspaper stating the annual report is available for inspection can result in the public being unaware of the financial operations of the School.

Officials' Response:

We did not receive a response from Officials to this finding.

3. FINDINGS FOR FEDERAL AWARDS

FINDING NUMBER 2008-008

Federal Noncompliance / Material Weakness

CFDA Title and Number	Federal School Breakfast 10.553 National School Lunch Program 10.555 Grants to Local Education Agencies – ESAS Title I, 84.010 Special Education (IDEA) Cluster - 84.027, 84.391, 84.173, and 84.392 Grants to Local Education Agencies – ESAS Title II-A Improving Teacher Quality 84.367 Grants to Local Education Agencies – ESAS Title V – Innovative Programs 84.298 Grants to Local Education Agencies – ESAS Title II-D Education in Technology Grant 84.318 Grants to Local Education Agencies – ESAS Drug Free Schools Grant 84.186
Federal Award Number/Year	2008
Federal Agency	U.S. Department of Agriculture, U. S. Department of Education
Pass Through Agency	Ohio Department of Education

OMB Circular A-133 Section 300(e) provides that the auditee is responsible for appropriate submission of the audit reports to the appropriate government officials and organizations.

OMB Circular A-133 Section 320(a) further provides that the audit report and data collection form must be submitted within the earlier of 30 days after the reports are received from the auditors, or nine months after the end of the audit period, unless a longer period is agreed upon in advance by the cognizant or oversight agency.

No evidence was provided that the School had notified the cognizant or oversight agency when it became apparent that an audit report and data collection form would not be available within the prescribed reporting time.

Officials' Response:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2008-009

Federal Noncompliance / Material Weakness

CFDA Title and Number	Federal School Breakfast 10.553 National School Lunch Program 10.555 Grants to Local Education Agencies – ESAS Title I, 84.010 Special Education (IDEA) Cluster - 84.027, 84.391, 84.173, and 84.392 Grants to Local Education Agencies – ESAS Title II-A Improving Teacher Quality 84.367 Grants to Local Education Agencies – ESAS Title V – Innovative Programs 84.298 Grants to Local Education Agencies – ESAS Title II-D Education in Technology Grant 84.318 Drug Free Schools Grant 84.186
Federal Award Number/Year	2008
Federal Agency	U.S. Department of Agriculture U. S. Department of Education
Pass Through Agency	Ohio Department of Education

OMB Circular No. A-133 Section .310(b) states that the auditee shall prepare a schedule of federal awards receipts and expenditures for the period covered by the auditee's financial statements.

The School did not prepare a schedule of federal awards receipts and expenditures for the audit period.

Officials' Response:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2008-010

Federal Noncompliance / Material Weakness/Questioned Cost

CFDA Title and Number	Federal School Breakfast 10.553 National School Lunch Program 10.555 Grants to Local Education Agencies – ESAS Title I, 84.010 Special Education (IDEA) Cluster - 84.027, 84.391, 84.173, and 84.392 Grants to Local Education Agencies – ESAS Title II-A Improving Teacher Quality 84.367 Grants to Local Education Agencies – ESAS Title V – Innovative Programs 84.298 Grants to Local Education Agencies – ESAS Title II-D Education in Technology Grant 84.318 Grants to Local Education Agencies – ESAS Drug Free Schools Grant 84.186
Federal Award Number/Year	2008
Federal Agency	U.S. Department of Agriculture U. S. Department of Education
Pass Through Agency	Ohio Department of Education

FINDING NUMBER 2008-010
(Continued)

Applicable Compliance Requirements Noted in Table Below

34 C.F.R.Section 80.20(a) states that a State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State and of its subgrantees must be sufficient to permit the preparation of reports required by this part and the statutes authorizing the grant and also permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

34 C.F.R. Section 80.20(b)(2) further states that grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.

Further, OMB Circular A-133, Subpart C, Section .300 states that the auditee shall:

(a) Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the Catalog of Federal Domestic Assistance (CFDA) title and number, award number and year, name of the Federal Agency, and name of the pass-through entity.

(b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

(c) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with OMB Circular A-133, Section .310.

During our engagement to audit the financial records of the School, we were unable to determine if the School complied with the requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement.* The School did not provide documentation to enable a review of the compliance with the circular. Financial records were incomplete, original supporting documentation was lacking or non-existent, and we were not provided with documentation supporting participant eligibility for the program, applications for free and reduced breakfast or lunch from the students, evidence that the reporting requirements were met, the number of breakfasts or lunches served, and we had no capital asset records to identify any equipment which was purchased with the program funds. As a result of our inability to obtain sufficient documentation supporting the School's compliance with the types of compliance requirements the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* requires, as well as the inability to satisfy ourselves as to the School's compliance with this these requirements by other auditing procedures, we question all of the costs for these programs. Total questioned costs for each program are noted below:

FINDING NUMBER 2008-010
(Continued)

CFDA Title and Number	Compliance Requirements	Questioned Cost Amount
Federal School Breakfast 10.553	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Eligibility, Equipment and Real Property Management, Procurement and Suspension and Debarment, Program Income, Reporting, Subrecipient Monitoring, Special Tests and Provisions	$ 99,804
National School Lunch Program 10.555	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Eligibility, Equipment and Real Property Management, Procurement and Suspension and Debarment, Program Income, Reporting, Subrecipient Monitoring, Special Tests and Provisions	208,823
Grants to Local Education Agencies – ESAS Title I, 84.010	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Eligibility, Equipment and Real Property Management, Matching - Level of Effort - Earmarking, Period of Availability of Federal Funds, Procurement and Suspension and Debarment, Reporting, Subrecipient Monitoring, Special Tests and Provisions	492,336
Special Education (IDEA) Cluster - 84.027, 84.391, 84.173, and 84.392	Activities Allowed or Unallowed,Allowable Costs/Cost Principles, Cash Management, Davis-Bacon Act, Equipment and Real Property Management, Matching - Level of Effort - Earmarking, Period of Availability of Federal Funds, Procurement and Suspension and Debarment, Reporting, Subrecipient Monitoring, Special Tests and Provisions	139,495
Grants to Local Education Agencies – Title II-A Improving Teacher Quality 84.367	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Matching, Level of Effort, Earmarking, Period of Availability of Federal Funds, Procurement and Suspension and Debarment, Reporting, Subrecipient Monitoring, Special Tests and Provisions	18,068
Grants to Local Education Agencies – Title V – Innovative Programs 84.298	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Equipment and Real Property Management, Matching - Level of Effort, Earmarking, Period of Availability of Federal Funds, Procurement and Suspension and Debarment, Reporting, Subrecipient Monitoring, Special Tests and Provisions	1,958
Grants to Local Education Agencies – ESAS Title II-D Education in Technology Grant 84.318	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Equipment and Real Property Management, Matching - Level of Effort, Earmarking, Period of Availability of Federal Funds, Procurement and Suspension and Debarment, Reporting, Subrecipient Monitoring, Special Tests and Provisions	1,140

FINDING NUMBER 2008-010
(Continued)

Grants to Local Education Agencies – Drug Free Schools Grant 84.186	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Equipment and Real Property Management, Matching - Level of Effort, Earmarking, Period of Availability of Federal Funds, Procurement and Suspension and Debarment, Reporting, Subrecipient Monitoring, Special Tests and Provisions	773
Total		$ 962,397

Officials' Response:

We did not receive a response from Officials to this finding.

Dave Yost • Auditor of State

INTERNATIONAL 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
APRIL 2, 2013

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