GENERAL CHAPPIE JAMES LEADERSHIP ACADEMY
MONTGOMERY COUNTY

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2009

Mary Taylor, CPA
Auditor of State

GENERAL CHAPPIE JAMES LEADERSHIP ACADEMY
MONTGOMERY COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

General Chappie James Leadership Academy
Montgomery County
120 Knox Avenue
Dayton, OH 45427

To the Board of Directors:

We have audited the accompanying financial statements of General Chappie James Leadership Academy, Montgomery County, (the Academy), as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the Academy's management. Our responsibility is to express opinions 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 respective financial position of General Chappie James Leadership Academy, Montgomery County, as of June 30, 2009, and the respective changes in financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2010, 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.

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Management Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Mary Taylor

Mary Taylor, CPA
Auditor of State

March 11, 2010

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)**

The discussion and analysis of General Chappie James Leadership Academy's (the "Academy") financial performance provides an overall review of the Academy's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Academy's financial performance.

Financial Highlights

Key financial highlights for the fiscal year ended June 30, 2009 are as follows:

- In total, net assets were $193,946 at June 30, 2009.
- The Academy had operating revenues of $596,684 and operating expenses of $692,932. The Academy also received $110,882 in Federal grants, $3,000 in State grants and $1,338 in interest. In total, net assets increased $18,972 for the fiscal year.

Using the Basic Financial Statements

This annual report consists of the management discussion and analysis, the basic financial statements and the notes to those statements. The basic financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Change in Net Assets and a Statement of Cash Flows. These statements are organized so the reader can understand the Academy's financial activities.

Reporting the Academy's Financial Activities

The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets provide information about the activities of the Academy, including all short-term and long-term financial resources and obligations. These documents look at all financial transactions and ask the question, "How did we do financially during the fiscal year?" These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting records revenue when earned and expenses when incurred regardless of when cash is received or paid.

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

The statement of cash flows provides information about how the Academy finances and meets the cash flow needs of its operations. The statement of cash flows can be found on page 9 of this report.

Table 1 provides a summary of the Academy's net assets as of June 30, 2009 and a comparative analysis to the net assets at June 30, 2008.

Table 1
Net Assets

	June 30, 2009	June 30, 2008
Assets:		
Current and Other Assets	$204,998	$159,855
Capital Assets, Net	69,980	81,955
Total Assets	274,978	241,810
Liabilities:		
Current Liabilities	81,032	66,837
Total Liabilities	81,032	66,837
Net Assets:		
Invested in Capital Assets	69,980	81,955
Restricted for Special Purposes	82,392	7,690
Unrestricted	41,574	85,328
Total Net Assets	$193,946	$174,973

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2009, the Academy's assets exceeded its liabilities by $193,946. Total assets are attributable to ending cash balances of the Academy's funds of $192,867, intergovernmental receivables of $11,829, mostly from federal grants, and accounts receivable of $302. The Academy's Capital Assets of $69,980 consists of machinery and equipment and furniture and fixtures less accumulated depreciation on these items. Capital Assets decreased due to depreciation being higher than items purchased during fiscal year 2009. Total liabilities (as noted above in the amount of $81,032) are predominately attributable to accrued wages and other payables to miscellaneous vendors at the end of the year. Net assets restricted for special purposes represent federal and state grant monies. Restricted net assets increased due mostly to the Title I School Improvement Grant funds being received and not yet expended at fiscal year-end. Unrestricted net assets decreased mostly due to the decrease in the State Foundation, and the addition of an office assistant position and adding the Treasurer as an employee. Overall salaries still decreased because the Title I teacher left at the end of December and two employees went on military leave. Purchased services decreased because the Treasurer became an employee, but it increased due to the military leave pay and temporary services for the employees on military leave.

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2009, as well as a listing of revenues and expenditures and a comparison to the period ended June 30, 2008.

Table 2
Changes in Net Assets

	Fiscal Year Ended June 30, 2009	Fiscal Year Ended June 30, 2008
Operating Revenues		
State Foundation	$589,753	$595,178
Other Operating Revenues	6,931	8,410
Total Operating Revenues	596,684	603,588
Non- Operating Revenues		
Federal Grants	110,882	22,671
State Grants	3,000	3,000
Interest	1,338	1,334
Total Non-Operating Revenues	115,220	27,005
Total Revenues	711,904	630,593

(Continued)

Table 2
Changed in Net Assets
(Continued)

	Fiscal Year Ended June 30, 2009	Fiscal Year Ended June 30, 2008
Operating Expenses		
Salaries	316,771	324,207
Fringe Benefits	78,923	87,569
Purchased Services	192,340	185,550
Materials and Supplies	57,015	54,635
Depreciation	12,995	12,514
Other	34,888	33,159
Total Expenses	692,932	697,634
Change in Net Assets	$ 18,972	($67,041)

Community schools receive no support from taxes. The State Foundation is, by far, the primary support for the Academy's students. State Foundation payments accounted for approximately 83 percent of all revenues. Federal and state grants accounted for another 16 percent of all revenues. Federal grants increased because of higher allocations being granted to the Academy for the fiscal year 2009 grants.

Capital Assets

At June 30, 2009, the Academy had $69,980 invested in machinery and equipment and furniture and fixtures.

For more information on capital assets, see Note 4 of the Basic Financial Statements.

Current Financial Issues and Concerns

The Academy is sponsored by the Lucas County Educational Service Center. The Academy relies on the State Foundation Funds as well as State Grants to provide the monies necessary to begin and carry on the activities of the Academy. The administration considers many factors when setting the Academy's 2010 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined based on the student count and the foundation allowance per pupil. The 2010 fiscal year budget was based on an estimated enrollment of 100 students. Staffing contracts have been approved based on current enrollment. Additional computer labs will be opened and additional staff added as enrollment increases. The Academy will amend the budget to reflect actual Academy resources and related expenditures.

Contacting the Academy's Financial Management

This financial report is designed to provide our clients and creditors 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 financial information contact Jacquelin Bolton, Treasurer, General Chappie James Leadership Academy, 120 Knox Avenue, Dayton, OH 45427.

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GENERAL CHAPPIE JAMES LEADERSHIP ACADEMY
MONTGOMERY COUNTY

STATEMENT OF NET ASSETS
AS OF JUNE 30, 2009

Assets:	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	$192,867
Accounts Receivable	302
Intergovernmental Receivable	11,829
Total Current Assets	204,998
Non-Current Assets:	
Capital Assets, Net	69,980
Total Assets	274,978
Liabilities:	
Current Liabilities:	
Accounts Payable	30,987
Accrued Wages and Payable	38,792
Intergovernmental Payable	11,253
Total Current Liabilities	81,032
Net Assets:	
Invested in Capital Assets	69,980
Restricted for Special Purposes	82,392
Unrestricted	41,574
Total Net Assets	$193,946

See accompanying notes to the basic financial statements.

GENERAL CHAPPIE JAMES LEADERSHIP ACADEMY
MONTGOMERY COUNTY

STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Operating Revenues:	
State Foundation	$589,753
Other Operating Revenues	6,931
Total Operating Revenues	596,684
Operating Expenses:	
Salaries	316,771
Fringe Benefits	78,923
Purchased Services	192,340
Materials and Supplies	57,015
Depreciation	12,995
Other	34,888
Total Operating Expenses	692,932
Operating Loss	(96,248)
Non-Operating Revenues:	
Federal Grants	110,882
State Grants	3,000
Interest	1,338
Total Non-Operating Revenues	115,220
Change in Net Assets	18,972
Net Assets Beginning of Year	174,974
Net Assets End of Year	$193,946

See accompanying notes to the basic financial statements.

GENERAL CHAPPIE JAMES LEADERSHIP ACADEMY
MONTGOMERY COUNTY

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Increase (Decrease) in Cash and Cash Equivalents:	
Cash Flows from Operating Activities:	
Cash Received from State Foundation	$583,685
Cash Received from Other Operating Activities	6,924
Cash Payments for Employee Services and Benefits	(390,140)
Cash Payments for Goods and Services	(237,247)
Cash Payments for Other Operating Expenses	(33,847)
Net Cash Used In Operating Activities	(70,625)
Cash Flows from Noncapital Financing Activities:	
Federal Grants	114,716
State Grants	3,000
Net Cash Provided by Noncapital Financing Activities	117,716
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Asset	(1,020)
Net Cash Used for Capital and Related Financing Activities:	(1,020)
Cash Flows from Investing Activities:	
Interest	1,338
Net Cash Provided by Investing Activities	1,338
Net Increase in Cash and Cash Equivalents	47,409
Cash and Cash Equivalents Beginning of Year	145,458
Cash and Cash Equivalents End of Year	192,867
Reconciliation of Operating Loss to Net Cash Used In Operating Activities:	
Operating Loss	(96,248)
Adjustments to Reconcile Operating Loss to Net Cash Used In Operating Activities:	
Depreciation	12,995
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	698
Increase in Intergovernmental Receivable	(6,068)
Decrease in Prepaid Items	3,803
Increase in Accounts Payable	27,123
Increase in Accrued Wages and Benefits Payable	14,235
Decrease in Intergovernmental Payable	(27,163)
Net Cash Used In Operating Activities	($70,625)

See accompanying notes to the basic financial statements.

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1. DESCRIPTION OF THE ACADEMY AND REPORTING ENTITY

The General Chappie James Leadership Academy (the "Academy") is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 1702 and 3314 to serve as a Community School to educate children. The Academy, 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 Academy may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the Academy. The Academy is a Federal tax exempt entity 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 Academy's tax-exempt status.

The Academy's mission is to honor the uniqueness of students by trusting their natural abilities to develop lifelong learners who are independent thinkers that establish a culture of diversity, respect, responsibility, service and courage.

The Academy was approved under contract with the Sponsor for a period of five years ending June 30, 2009. The Academy began operations on September 1, 2004. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration. The Governing Authority is responsible for the operations of the Academy.

The Academy operates under the direction of a Board of Directors, consisting of not less than five members. Initially, three of the members must be chosen by the acting Board of Directors of the GCJLA, an Ohio non-profit corporation and two of the members are chosen from leaders from the broad range of disciplines representing professionals, community leaders and parents. The Directors serve a two-year term and may not serve more than three terms consecutively. At the annual meeting, the then acting Directors elect the Directors of the Corporation by majority vote. The Board of Directors is responsible for carrying out the provisions of the contract with the Sponsor, which include but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards and qualification of teachers. The Board elects Officers annually including a Chair, Vice-Chair, Secretary and Treasurer. The Officers serve one-year terms. The Board appoints an Executive Director by majority vote who is the Chief Executive Officer of the Academy and responsible for operating the day-to-day business affairs of the Academy, subject to the supervision of the Board. The Executive Director shall serve until his or her resignation, removal, death or appointment of a successor.

The Board of Directors controls the Academy's one instructional/support facility which was staffed by three certified teachers, four classified employees and three administrators who provided instructional services to 84 students during the fiscal year ended June 30, 2009.

The Academy is associated with the Metropolitan Dayton Education Computer Association (MDECA) which is defined as a jointly governed organization. (See Note 11). The Academy is also associated with the Ohio Association of School Board Officials (OASBO) Worker's Compensation Group Rating Plan, an insurance purchasing pool. (See Note 12).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the General Chappie James Leadership Academy have been prepared in conformity with generally accepted accounting principles in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Academy also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The Academy has elected not to apply FASB Statements and Interpretations issued after November 30, 1989. The most significant of the Academy's accounting policies are described below.

A. Basis of Presentation

The Academy's basic financial statements consist of a statement of net assets, a statement of revenues, 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.

B. Measurement Focus

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities are included on the statement of net assets. The statement of revenues, expenses and changes in net assets presents increases (i.e. revenues) and decreases (i.e. expenses) in total net assets. The statement of cash flows provides information about how the Academy 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 Academy's basic 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 fiscal year when the resources are required to be used or the fiscal year when use is first permitted, 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.

Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue.

Expenses are recognized at the time they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Section 5705, unless specifically provided in the Academy's contract with its Sponsor. The contract between the Academy and its Sponsor requires a detailed school budget for each year of the contract; however, the budget does not have to follow the provisions of Ohio Revised Code Section 5705.

E. Cash and Cash Equivalents

All monies received by the Academy are maintained in a demand deposit account or invested. For presentation on the financial statements and in the notes to the basic financial statements, investments with an original maturity of three months or less when purchased are deemed cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

During the year, the Academy invested in STAR Ohio, an investment pool managed by the State Treasurer's Office. STAR Ohio allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2009.

F. Capital Assets and Depreciation

All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market value on the date donated. The Academy maintains a capitalization threshold of $1,000. The Academy does not have any infrastructure. Improvements are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All capital assets 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:

Description	Estimated Lives
Machinery and Equipment	4-8 years
Furniture and Fixtures	10-20 years

G. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, consists of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Academy applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Of the Academy's $82,392 in restricted net assets, $0 was restricted by enabling legislation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the statement of net assets.

I. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activities. For the Academy, these revenues are payments from the State Foundation Program and miscellaneous operating revenues. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activities of the Academy. All revenues and expenses not meeting these definitions are reported as non-operating.

J. Intergovernmental Revenues

The Academy currently participates in the State Foundation Program. Revenues received from this program are recognized as operating revenues in the accounting period in which all eligibility requirements have been met.

The Academy participated in the State EMIS grant program during the fiscal year ended June 30, 2009. The Academy was awarded and received $3,000 from this program during the fiscal year. These monies were spent on operational costs of the Academy during fiscal year 2009.

The Academy was awarded several Federal grants in the amount of $126,545 and received $114,716 of this amount during fiscal year 2009.

Revenues from Federal and State Grants are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met.

K. Estimates

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

3. DEPOSITS

A. Deposits

At June 30, 2009, the book balance of the Academy's deposits was $90,196 and the bank balance was $93,848.

B. Investments

At June 30, 2009, the Academy had $102,671 invested in STAR Ohio. STAR Ohio is an investment pool with various interest rates.

Interest Rate Risk: State statute limits the maturity of investments to five years unless matched to a specific obligation or debt of the Academy. The Academy does not have a formal investment policy that further limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

3. DEPOSITS (Continued)

Concentration of Credit Risk: The School District places no limit on the amount it may invest in any one issuer. 100% of the Academy's investments at June 30, 2009, were in STAR Ohio.

Credit Risk: State statute limits investments in corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. The Academy has no investment policy that would further limit its investment choices. The Academy's investment in STAR Ohio was rated AAAm by Standard & Poor's at June 30, 2009.

4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Balance 7/01/08	Additions	Deductions	Balance 6/30/09
Machinery and Equipment	$47,513	$1,020		$48,533
Furniture and Fixtures	56,120			56,120
Total Capital Assets	103,633	1,020		104,653
Less Accumulated Depreciation:				
Machinery and Equipment	(14,950)	(8,041)		(22,991)
Furniture and Fixtures	(6,728)	(4,954)		(11,682)
Total Accumulated Depreciation	21,678)	(12,995)		(34,673)
Capital Assets, Net	$81,955	($11,975)	$0	$69,980

5. RISK MANAGEMENT

A. Property and Liability

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 contracted personnel; and natural disasters. During the fiscal year ended June 30, 2009, the Academy had property and liability insurance through Indiana Insurance under its sponsor.

There has not been a significant reduction in coverage from the prior year. Settled claims have not exceeded coverage in any of the past three years.

B. Workers' Compensation

For fiscal year 2009, the Academy participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 12). The intent of the GRP is to achieve the benefit of a reduced premium for the Academy by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to entities that can meet the GRP's selection criteria. The firm of Gates McDonald and Company provides administrative, cost control and actuarial services to the GRP.

6. PURCHASED SERVICES

For the fiscal year ended June 30, 2009, purchased services were as follows:

Professional and Technical Services	$97,711
Property Services	28,422
Travel and Meetings	16,687
Communications	11,329
Utilities	18,654
Pupil Transportation	19,537
Total Purchased Services	$192,340

7. OPERATING LEASES

The Academy and the Jefferson Township Local School District signed an addendum to their original lease agreement which continues the terms of the original lease for 3-month periods. According to the agreement, the rent is $1,200 per month. During the period ended June 30, 2009, the Academy made total payments of $9,992.

8. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

Plan Descriptions- 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, 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 or by calling toll free (800) 878-5853.

Funding Policy- Plan members are required to contribute 10 percent of their annual covered salary and the Academy is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2009, the allocation to pension and death benefits is 9.09 percent. The remaining 4.91 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The Academy's contributions to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were $4,817, $9,951 and $10,160, respectively. 100 percent has been contributed for fiscal years 2009, 2008 and 2007.

B. State Teachers Retirement System of Ohio

Plan Description- 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 or by calling (888) 227-7877.

8. DEFINED BENEFIT PENSION PLANS (Continued)

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.

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.

Funding Policy- For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salaries. The Academy was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations, the same percent as fiscal year 2008. 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 Academy's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2009, 2008, and 2007 were $23,809, $30,010 and $18,197, respectively. 81 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were $3,675 made by the Academy and $5,126 made by the plan members.

9. POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

The Academy participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certified 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 HOM's, PPO's 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.

9. POSTEMPLOYMENT BENEFITS (Continued)

State statute permits SERS to fund the health care benefits through employer contributions. Each year after the allocation for statutorily required benefits, the remainder of the employer's 14 percent contribution is allocated to the Health Care Fund. The Healthcare Fund was established under, and is administered in accordance with Internal Revenue Code 401(h). For the fiscal year ended June 30, 2009, the health care allocation was 4.16 percent of covered payroll. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount. For 2009, the surcharge was $1,840.

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 services, Medicare eligibility and retirement status.

The Academy's contributions for health care for the fiscal years ended June 30, 2009, 2008 and 2007 were $4,044, $6,494, and $5,712. 100 percent has been contributed for fiscal years 2009, 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2009, the actuarially required allocation was 0.75 percent of covered payroll. The Academy's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008 and 2007 were $397, $717, and $691. 100 percent has been contributed for fiscal years 2009, 2008 and 2007.

B. State Teachers Retirement System of Ohio

Plan Description - The Academy 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 in 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 authorized 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 benefits may be deducted from employer contributions. For the fiscal year ended June 30, 2009, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund; the same percentage that was allocated for the fiscal year ended June 30, 2008. The Academy's contributions for health care for the fiscal years ended June 30, 2009, 2008 and 2007 were $1,831, $2,308 and $1,400. 81 percent has been contributed for fiscal year 2009 and 100 percent has been contributed for fiscal years 2008 and 2007.

10. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation, personal leave and sick leave benefits are derived from employee contracts. Employees earn three personal days and nine sick days per year. The Director also earns fifteen vacation days per year. Personal leave, sick leave, and vacation do not carry over to future years.

10. OTHER EMPLOYEE BENEFITS (Continued)

B. Insurance Benefits

The Academy provides health and life insurance to all employees through American Community Mutual Insurance Company.

11. JOINTLY GOVERNED ORGANIZATION

The Academy is a participant in the Metropolitan Dayton Educational Cooperative Association (MDECA) which is a computer consortium. MDECA is an association of public school districts within the boundaries of Montgomery, Miami and Darke Counties and the Cities of Dayton, Troy and Greenville. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of MDECA consists of seven Superintendents of member school districts, with six of the Superintendents elected by majority vote of all member school districts except the Montgomery County Educational Service Center. The seventh Superintendent is from the Montgomery County Educational Service Center. The Academy made payments of $4,552 to MDECA during the fiscal year ended June 30, 2009. Financial information can be obtained from Jerry Woodyard, who serves as director, at 225 Linwood Street, Dayton, Ohio 45405.

12. INSURANCE PURCHASING POOL

The Academy participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each fiscal year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

13. CONTINGENCIES

A. Grants

The Academy received financial assistance from state and federal 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 is 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 at June 30, 2009.

B. State Foundation Funding

The Ohio Department of Education conducts reviews of enrollment data and full time equivalency (FTE) calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which State foundation funding is calculated. As a result of a fiscal year-end review, the Academy owed the Ohio Department of Education $1,415. This amount is reflected as an intergovernmental payable on the statement of net assets.

14. RECEIVABLES

Receivables at June 30, 2009 consisted of accounts and intergovernmental receivables. All receivables are considered collectible in full and are expected to be received within one year. A summary of intergovernmental receivables follows:

Description	Amount
Title I Grant	$ 2,749
Title II-A Grant	1,181
Drug-Free Grant	22
Title V Grant	356
Title VI-B	4,453
Total Intergovernmental Receivable	$11,829

15. CHANGE IN ACCOUNTING PRINCIPLE

For the fiscal year ended June 30, 2009, the Academy has implemented GASB Statement No. 45 “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions”. The implementation of this statement had no affect on the financial statements as previously reported.

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

General Chappie James Leadership Academy
Montgomery County
120 Knox Avenue
Dayton, Ohio 45427

To the Board of Directors:

We have audited the financial statements of General Chappie James Leadership Academy, Montgomery County, (the Academy) as of and for the year ended June 30, 2009, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated March 11, 2010. 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 Acedemy's internal control over financial reporting.

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.

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.

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

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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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management, Board of Directors, and Lucas County ESC (Sponsor). We intend it for no one other than these specified parties.

Mary Taylor, CPA
Auditor of State

March 11, 2010

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

General Chappie James Leadership Academy
Montgomery County
120 Knox Avenue
Dayton, Ohio 45427

To the Board of Directors:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether General Chappie James Leadership Academy (the Academy) has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures are solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on August 14, 2008.

2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):

   1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;

   2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;

   3) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;

3. We read the policy, noting it did not include the following requirements from Ohio Rev. Code Section 3313.666 (B):

   1) A procedure for reporting prohibited incidents;

   2) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;

3) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;

4) A procedure for documenting any prohibited incident that is reported;

5) A procedure for responding to and investigating any reported incident;

6) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;

7) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.

Mary Taylor

Mary Taylor, CPA
Auditor of State

March 11, 2010

Mary Taylor, CPA
Auditor of State

GENERAL CHAPPIE JAMES LEADERSHIP ACADEMY

MONTGOMERY 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 1, 2010

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