CINCINNATI COLLEGE PREPARATORY ACADEMY
HAMILTON COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2009

Dave Yost • Auditor of State

CINCINNATI COLLEGE PREPARATORY ACADEMY
HAMILTON COUNTY

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board Members and Sponsor:

We have audited the accompanying basic financial statements of the Cincinnati College Preparatory Academy, Hamilton County, Ohio (the Academy), as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the Academy's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Academy, as of June 30, 2009, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

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

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

Dave Yost

Dave Yost
Auditor of State

October 24, 2012

The discussion and analysis of the Cincinnati College Preparatory Academy's (the Academy) financial performance provides an overall review of its 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 basic financial statements and the accompanying notes to enhance their understanding of the Academy's financial performance.

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

Financial Highlights

In total, net assets increased $21,705, which represents a 1% increase from 2008. This increase was due to an increase in students and a related increase in state foundation monies.

Total assets increased $1,935,015, which represents a 45% increase from 2008. This increase was primarily due to the Academy investing in a Limited Liability Company (LLC) which now holds the building that the Academy once owned and associated building improvements. The Academy incurred a $1,124,000 liability for construction costs to the high school building.

Total liabilities increased $1,913,310, which represents an 82% increase from 2008. Accrued wages and benefits decreased by $28,788. Accounts payable increased by $1,011,146. The increase in payables was primarily due to the renovations performed and unpaid for the new school building.

Using this Financial Report

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

Statement of Net Assets

The Statement of Net Assets answers the question, "What is our financial position on June 30, 2009?" This statement includes all assets and liabilities, both financial and capital, and short-term and long-term using the accrual basis of accounting and economic resources focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

Table 1 provides a summary of the Academy's net assets for the fiscal years 2009 and 2008:

Table 1 Net Assets

	2009	2008
Assets		
Current Assets	$ 602,150	$ 695,935
Capital Assets, Net	4,217,692	2,188,893
Investment in LLC	1,402,334	1,402,334
Total Assets	6,222,176	4,287,162
Liabilities		
Current Liabilities	1,550,400	542,441
Non-Current Liabilities	2,702,189	1,796,838
Total Liabilities	4,252,589	2,339,279
Net Assets		
Invested in Capital Assets	3,073,692	2,188,893
Unrestricted	(1,104,108)	(241,010)
Total Net Assets	$ 1,969,587	$ 1,947,883

Total assets increased $1,935,015. This increase was primarily due to the investment in fixed assets, an increase in student enrollment and federal and state subsidies. Cash and cash equivalents increased approximately $62,145 from 2008. Intergovernmental Receivables decreased by $155,929. This decrease was due to the timing of the receipt of some grants. Most of the receipts from fiscal year 2009 grants were received in fiscal year 2009. Capital Assets, net of depreciation increased by $2,028,800. This increase is due to the investment in fixed assets and renovations of the buildings occupied by the school.

Table 2 shows the changes in net assets for fiscal years 2009 and 2008, as well as a listing of revenues and expenses.

Table 2
Change in Net Assets

	2009	2008
Operating Revenues		
Charges for Services	$ 28,185	$ 23,934
Foundation Payments	4,441,967	3,877,064
Other Income	94,793	47,697
Non-Operating Revenues		
Federal and State Grants	1,190,220	1,009,286
Interest	124	329
Rental Income	88,434	13,300
Total Revenues	5,843,723	4,972,150
Operating Expenses		
Salaries	2,263,293	2,069,915
Fringe Benefits	820,166	705,237
Purchased Services	1,018,138	589,461
Materials and Supplies	1,151,215	896,732
Depreciation	181,838	103,776
Capital Outlay	125,866	38,539
Other Expenses	261,502	158,891
Total Operating Expenses	$ 5,822,018	$ 4,562,551
Change in Net Assets	21,705	409,599

Net assets increased from 2008 to 2009, by $21,705. Revenues increased $871,573 and expenses increased $1,259,466 over 2008. Of the increase in revenues, foundation payments increased by $564,903. Community Schools receive no support from tax revenues.

The expense for salaries increased by $193,378 and the expense for fringe benefits increased by $114,929 from 2008. This was primarily due to an increase in staff salaries and staffing levels during fiscal year 2009 and an associated increase in fringes and health care coverage. Material and supplies expense increased by $254,483 from 2008. Supplies were purchased to replace old and outdated materials and textbooks and the cost of food increased. Depreciation expense increased by $78,062, primarily because the purchase of additional assets. According to the Academy's capital asset policy, depreciation is expensed for new capital assets in each month beginning in the month they are purchased.

Capital Assets

At the end of fiscal year 2009, the Academy had $4.2 million invested in building improvements, furniture, fixtures and equipment, and vehicles, which represented an increase of $2.1 million from 2008. Table 3 shows fiscal years 2009 and 2008:

Table 3
Capital Assets at June 30, 2009 (Net of Depreciation)

	2009	2008
Building and Building Improvements	$ 4,476,758	$ 2,321,300
Furniture, Fixtures, and Equipment	397,626	397,487
Vehicles	117,988	62,948
Less Accumulated Depreciation	(774,680)	(592,842)
Totals	$ 4,217,692	$ 2,188,893

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

Table 4
Debt at June 30, 2009

	Balance 30-June-08	Additions	Payments	Balance 30-Jun-09
Promissory Note	571,666	0	116,666	455,000
Mortgage Loan #1	656,501	0	52,546	603,955
High School Building Loans	795,080	0	28,944	766,136
Construction Loan	0	744,000	1,491	742,509
	2,023,247	744,000	199,647	2,567,600

Current Financial Issues

The Cincinnati College Preparatory Academy was formed in 1999. During the 2008-2009 school year, approximately 640 students were enrolled . The Academy receives its finances mostly from state aid. Per pupil aid for fiscal year 2009 amounted to approximately $6,792 per student. Per pupil aid for fiscal year 2008 amounted to approximately $6,326 per student. The average time the teachers had taught was 8 years.

Contacting the School's Financial Management

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

CINCINNATI COLLEGE PREPARATORY ACADEMY
HAMILTON COUNTY
STATEMENT OF NET ASSETS JUNE 30, 2009

	2009	2008
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 577,780	$ 515,635
Intergovernmental Receivables	24,370	180,300
Total Current Assets	602,150	695,935
Noncurrent Assets		
Depreciable Capital Assets, Net	4,217,692	2,188,892
Investment in LLC	1,402,334	1,402,334
Total Noncurrent Assets	5,620,026	3,591,226
Total Assets	6,222,176	4,287,161
LIABILITIES		
Current Liabilities		
Accounts Payable	1,029,199	18,052
Accrued Wages and Benefits	269,191	297,979
Short Term Debt	252,010	226,410
Total Current Liabilities	1,550,400	542,441
Long Term Liabilities		
Long Term Debt	2,702,189	1,796,838
Total Liabilities	4,252,589	2,339,279
Net Assets		
Invested in Capital Assets, Net of Related Debt	3,073,692	2,188,892
Unrestricted	(1,104,105)	(241,010)
Total Net Assets	$ 1,969,587	1,947,882

See accompanying notes.

CINCINNATI COLLEGE PREPARATORY ACADEMY
HAMILTON COUNTY

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

	2009	2008
Operating Revenues		
Food Services	28,185	23,934
Foundation Payments	4,347,392	3,795,741
Special Education	94,575	81,863
Miscellaneous	94,793	47,697
Total Operating Revenues	4,564,945	3,949,235
Operating Expenses		
Salaries	2,263,293	2,069,915
Fringe Benefits	820,166	705,237
Purchased Services	1,018,138	589,461
Materials and Supplies	1,151,215	896,732
Depreciation	181,838	103,776
Capital Outlay	125,866	38,539
Other Expenses	261,502	158,891
Total Operating Expenses	5,822,018	4,562,551
Operating Loss	(1,257,073)	(613,316)
Non-Operating Revenues		
Federal and State Grants	1,190,220	1,009,286
Interest Income	124	329
Rental Income	88,434	13,300
Total Non-Operating Revenues	1,278,778	1,022,915
Change in Net Assets	$ 21,705	$ 409,599
Net Assets Beginning of Year	1,947,882	1,538,284
Net Assets End of Year	1,969,587	1,947,882

See accompanying notes.

CINCINNATI COLLEGE PREPARATORY ACADEMY
HAMILTON COUNTY

STATEMENT OF CASH FLOWS PROPRIETARY FUND
YEAR ENDED JUNE 30, 2009

	2009
Cash Flows from Operating Activities	
Cash Received from State of Ohio	$ 4,460,243
Other Cash Receipts	$ 211,536
Cash Payments to Employees	$ (2,285,440)
Cash Payments to Employees for Fringe Benefits	$ (827,107)
Cash Payments for Supplies or Services	$ (1,276,448)
Cash Payments for Other Activities	(261,502)
Net Cash Used for Operating Activities	21,282
Cash Flows from Noncapital Financing Activities	
Federal and State Grants Received	1,346,150
Net Cash Provided by Noncapital Financing Activities	1,346,150
Cash Flows From Capital and Related Financing Activities	
Loan Payments	(199,313)
Loan Proceeds	1,104,664
Acquisition of Capital Assets	(2,210,638)
Net Cash Provided by Capital and Related Financing Activities	(1,305,287)
Net Change in Cash and Cash Equivalents	62,145
Cash and Cash Equivalents at Beginning of Year	515,635
Cash and Cash Equivalents at End of Year	577,780
Reconciliation of Operating Income to Net Cash Used for Operating Activities	
Operating Loss	$ (1,257,073)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities	
Depreciation Expense	181,838
Changes in Assets and Liabilities *Increase or (Decrease)*	
Increase in Receivables	93,784
Decrease in Accounts Payable	1,017,746
Change in Accrued Wages and Benefits	28,788
Increase in Short-Term Loans	(43,801)
Total Adjustments	1,278,355
Net Cash Used by Operating Activities	21,282

See accompanying notes.

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NOTE 1 – DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

Cincinnati College Preparatory Academy, Hamilton County, Ohio (the Academy), is a nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to address the needs of students in Grades 1 through 10. 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 school.

Cincinnati College Preparatory Academy qualifies as an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect the school's tax exempt status.

The Academy was approved for operation under contract with the Ohio Department of Education (the Sponsor) for a period of five years commencing July 1, 1999. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration. The Academy has a sponsorship agreement with the Kids Count of Dayton, Inc. that began on July 1, 2006.

The Academy operates under the direction of a seven-member Board of Directors. The Board of Directors is responsible for carrying out the provisions of the contract which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Board of Directors controls the Academy's two instructional/support facilities staffed by certified full time teaching personnel who provide services to 667 students.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

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

Measurement Focus

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) Basis of Accounting

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

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

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

Expenses are recognized at the time they are incurred.

Budgetary Process

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

Capital Assets

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Academy maintains a capitalization threshold of one thousand dollars. The Academy does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend 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	5 Years
Vehicles	5 Years

Net Assets

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating Revenues and Expenses

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

The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 3 – DEPOSITS

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

At fiscal year end, the carrying amount of the Academy's deposits was $577,780, and the bank balance was $618,269. Of the bank balance, $250,000 was covered by federal depository insurance and $368,269 was collateralized with securities held in a single financial institution's pool of investments pledged to collateralize all public deposits. Although the securities serving as collateral were held by the pledging financial institution's trust department in the Academy's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the Academy to a successful claim by the Federal Deposit Insurance Corporation.

NOTE 4 – RECEIVABLES

Receivables at June 30, 2009, consisted of intergovernmental receivables and cash and cash equivalents. All receivables are considered collectible in full and will be received within one year.

NOTE 5 – CAPITAL ASSETS

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

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Business-Type Activity				
Capital Assets Being Depreciated				
Buildings and Improvements	$ 2,321,300	2,155,458	$	4,476,758
Furniture, Fixtures and Equipment	397,487	139	–	397,626
Vehicles	62,948	55,040	–	117,988
Total Capital Assets Being Depreciated	2,781,735	2,210,637		4,992,372
Less Accumulated Depreciation				
Buildings and Improvements	197,654	133,645		331,299
Furniture, Fixtures and Equipment	356,370	26,430	–	382,800
Vehicles	38,818	21,763	–	60,581
Total Accumulated Depreciation	592,842	181,838		774,680
Total Capital Assets Being Depreciated, Net	2,188,893	2,028,799		4,217,692
Business-Type Activity Capital Assets, Net	$ 2,188,893	$2,028,799		$ 4,217,692

NOTE 6 – INVESTMENT IN LIMITED LIABILITY COMPANY (LLC)

In February, 2005, the Academy entered into an agreement with The Young Men's Christian Association of Greater Cincinnati (YMCA) to form West End Cincinnati Victory Partners LLC (LLC). The purpose of the LLC is to own and maintain the building that the Academy and the YMCA occupy. The Academy owns 75% of the LLC. The YMCA is the managing partner of the LLC.

NOTE 7 – LONG-TERM LIABILITIES

As of June 30, 2009, the Academy had the following long-term liabilities:

	2008	2009
Mortgage Loan #1	603,955	538,653
Mortgage Loan #2	761,216	743,872
Construction Loan	0	724,664
Term Loans	0	380000
Promissory Note – YMCA	431,667	315,000
Total	1,796,838	2,702,189

NOTE 7 – LONG-TERM LIABILITIES (Continued)

In April, 2008, the Academy signed a note payable for $700,000 to its co-investor in the LLC for leasehold improvements made to the building that the LLC owns. The note is non-interest bearing with equal quarterly installments due beginning in August, 2007. The principal amounts, including the current portion of the long –term debt, are scheduled as follows:

2010	$ 175,000
2011	140,000
2012	140,000
	$ 455,000

In August of 2003, the Academy purchased a building and entered into a mortgage loan for $790,000 to finance the purchase. The loan carries a five-year amortization, a floating interest rate of the prime rate plus .50%, and is renewable. The loan was renewed in August 2008. (The prime rate was 3.25% at June 30, 2008). Only interest was paid during the first year of amortization. The principal and interest are scheduled at the following amounts:

Years Ending June 30,	Principal	Interest	Total
2010	65,301	22,040	87,341
2011	65,301	22,040	87,341
2012 and thereafter	473,435	80,947	554,382
Total	$ 604,039	$ 120,332	$724,371

In March 2008, The Academy purchased another building and entered into a mortgage loan for $800,000 to finance the purchase. The loan carries a ten year amortization, a fixed interest rate of 6.25%, and is renewable. The principal and interest rescheduled at the following amounts:

Years Ending June 30,	Principal	Interest	Total
2010	22,264	48,423	70,687
2011	19,020	51,667	70,687
2012 and thereafter	728,681	217,335	946,016
Total	$ 769,965	$ 317,425	$ 1,087,390
	==========	========	=========

In December of 2008, the Academy entered into a construction loan for $744,000 to finance the renovations to the building purchased in March 2009. The loan carries a ten-year amortization, a fixed interest rate 7.15%, and is renewable. Principal payments are *estimated* at the following:

Years Ending June 30,	Principal	Interest	Total
2010	17,845	52,736	70,581
2011	19,183	51,398	70,581
2012 and thereafter	698,488	331,810	1,030,298
Total	$ 735,516	$ 435,944	$ 1,171,460
	==========	=======	=========

NOTE 8 – RISK MANAGEMENT

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2009, the Academy contracted with the O'Neill Group for general liability and property insurance and for educational errors and omissions insurance.

Coverages are as follows:

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

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

Workers' Compensation

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

NOTE 9 – DEFINED BENEFIT PENSION PLANS School Employees Retirement System

The Academy contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information. The stand-alone report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (614) 222-5853.

Plan members are required to contribute 10% of their annual covered salary, and the Academy is required to contribute at an actuarially determined rate. The current school rate is 14% of annual covered payroll. A portion of the Academy's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2009, 10% 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 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%. The remaining 4.91% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The Academy's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008, and 2007 were $68,647, $68,474, and $71,384 respectively; 65% has been contributed for fiscal year 2009 and 100% for fiscal years 2008 and 2007.

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued) State Teachers Retirement System of

Ohio

The Academy participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad Street, Columbus, Ohio 43215-3371 or by calling (888)227-7877, or by visiting the STRS 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% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC
Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The School District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

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, 2009, plan members were required to contribute 10% of their annual covered salaries. The Academy was required to contribute 14%; 13% was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of
10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The Academy's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 were $246,200, $230,376, and $213,556 respectively; 85% has been contributed for fiscal year 2009 and 100% for fiscal years 2008 and 2007.

NOTE 10 – POST-EMPLOYMENT BENEFITS

Plan Description – The Academy participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries: a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMOs, PPOs and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both

Plans are included in the SERS Comprehensive Annual Financial Report, which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2009, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, this amount was $ 35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility, and retirement status.
.
The Academy's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were $20,444, and $21,612 respectively; 100 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 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, this actuarially required allocation was 0.66 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were $11,607, $10,861, and $10,068, respectively; 83 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

State Teachers Retirement System

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were $17,586, $16,455, and $15,254, respectively; 88 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

NOTE 11 – EMPLOYEE BENEFITS

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

NOTE 12 –CONTINGENCIES Grants

The Academy received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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 on June 30, 2009.

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 for the State, upon which state foundation funding is calculated. For fiscal year 2009, the review was completed in January 2010. For the Academy, there was an insignificant variance between the amount received to date and the final payment in 2008; an insignificant variance is expected for fiscal year 2009 as well. This variance will have no effect on the financial standing of the Academy.

NOTE 13 – RELATED PARTY TRANSACTIONS

ROAR Education, an entity formed to provide training to school operators, teachers, and staff, was operated from the same location as CCPA during 2009 and was provided pro-bono use of the facilities.

City Church used facilities at CCPA during 2009 and was provided pro-bono use of the facilities. The church was permitted to operate during non-school hours.

Academy Board Member Ron Gore also served on the YMCA Board. Board member Janet Ulrich is employed by Millard and Associates, which is owned by the Treasurer, Stephanie Millard.

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

22 payments totaling $71,510 were made to the Carl Lindner Branch YMCA, of which Joe Calloway, CCPA Board Member is the Executive Director.

NOTE 14 – PURCHASED SERVICES

For the year ended June 30, 2009, purchased service expenses were comprised of the following:

Instruction Services	$ 54,772
Travel and Meetings	32,551
Professional and Technical	490,594
Communication	42,805
Property Services	277,791
Utilities	118,478
Other	1,147
Total Purchased Services $	$1,018,138

CINCINNATI COLLEGE PREPARATORY ACADEMY
HAMILTON COUNTY

FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2009

FEDERAL GRANTOR ***Pass Through Grantor*** Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Ohio Department of Education				
Nutrition Cluster:				
National School Breakfast Program	05-PU	10.553	$82,784	$82,784
National School Lunch Program	LL-P1 & LL-P4	10.555	232,032	232,032
Total U.S. Department of Agriculture			**314,816**	**314,816**
U.S. DEPARTMENT OF EDUCATION				
Passed Through Ohio Department of Education:				
Special Education Grants to States (Title VI-B)	6B-SF	84.027	112,849	112,849
Grants to Local Educational Agencies (Title I)	C1-S1	84.010	789,602	666,198
Preschool Special Ed		84.173	2,011	2,011
Safe and Drug Free Schools	DR-S1	84.186	6,723	6,723
Title II-D - Technology Literacy Challenge Fund Grants	TJ-S1	84.318	7,439	6,239
Improving Teacher Quality	TR-S1	84.367	95,114	59,052
Title V - Innovative Education Program Strategies	C2-S1	84.298	1,134	519
Total U.S. Department of Education			**1,014,872**	**853,591**
Total			**$1,329,688**	**$1,168,407**

The accompanying notes are an integral part of this schedule.

NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2009

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

Dave Yost • Auditor of State

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

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

To the Board Members and Sponsor:

We have audited the basic financial statements of the Cincinnati College Preparatory Academy, Hamilton County, Ohio (the Academy), as of and for the year ended June 30, 2009,and have issued our report thereon dated October 24, 2012, wherein we disclose that the Auditor of State is conducting a special audit of the Academy and results of the special audit will be disclosed in a separate report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

We consider finding 2009-001 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

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

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Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe finding number 2009-001 is also a material weakness.

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

Compliance and Other Matters

As part of reasonably assuring whether the Academy's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 2009-001 through 2009-003.

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

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

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

Dave Yost

Dave Yost
Auditor of State

October 24, 2012

Dave Yost • Auditor of State

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

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

To the Board Members and Sponsor:

Compliance

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits 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 Academy's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Academy's compliance with those requirements.

In our opinion, the Cincinnati College Preparatory Academy complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2009.

Internal Control Over Compliance

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

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the Academy's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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 that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

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

Dave Yost

Dave Yost
Auditor of State

October 24, 2012

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2009

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unqualified
(d)(1)(ii)	**Were there any material control weaknesses reported at the financial statement level (GAGAS)?**	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?**	No
(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**	Unqualified
(d)(1)(vi)	**Are there any reportable findings under § .510(a)?**	Yes
(d)(1)(vii)	**Major Programs (list):**	Title I Grants To Local Educational Agencies (Title I Basic, Concentration, and Targeted Grants), CFDA 84.010
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 300,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee?**	No

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

FINDING NUMBER 2009-001

Material Noncompliance/Material Weakness/Significant Deficiency

Ohio Admin. Code, Section 117-2-02(A), requires public offices to maintain an accounting system and accounting records sufficient to enable the public office 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.

Establishing and monitoring capital asset policies and procedures are important controls for the Academy to safeguard capital assets and provide information necessary for logistical decisions, planning capital purchases, maintaining adequate insurance coverage, and providing evidence in case of theft or loss.

FINDING NUMBER 2009-001
(Continued)

Although the Academy has developed a Board approved capital asset policy and maintains an accounting system, management has not implemented controls to assure the accuracy of the financial statements and capital asset records.

We noted the following conditions:

- The Academy did not have the complete value of building improvements made to the high school which resulted in an understatement of $836,987 for Buildings and Improvements and the corresponding depreciation being understated $42,161. This adjustment is reflected in the accompanying financial statements.

- The Academy did not maintain an accurate, integrated, comprehensive capital asset listing with detail of each individual asset.

- The Academy failed to include a PNC Bank Construction Draw Account on their financial statements at June 30, 2009. This omission resulted in a variance of $412,908 to their cash fund balance. This adjustment is reflected in the accompanying financial statements.

The lack of established accounting control procedures to monitor asset additions and deletions increases the risk that errors, theft or fraud may occur and not be detected in a timely manner.

We recommend the Academy implement controls to assure the accuracy of the financial statements and capital asset records, and revise its capital asset policy and have it adopted by the Board and monitored by Academy management. The capital asset policy should be updated to include:

- Policies for maintaining and updating a detailed capital asset subsidiary ledger, as well as the depreciation calculation of each asset and including such information as the tag number, description, cost, acquisition date, location, and depreciation expense.

- Procedures to reconcile the Academy's fixed asset data to an asset listing by location and invoices, and the development of a tracking system that uses addition and disposal forms to be completed by the staff and approved by management when assets are acquired, relocated, or disposed of.

- Procedures to record capital asset values and related depreciation in the annual financial statements.

- The estimated useful life for each major class of depreciable capital asset, including buildings.

We also recommend the Academy develop policies and procedures for the review of financial activity posted to the accounting records and financial statements.

Officials' Response:

The noted adjustments have been recorded in the financial statements. These had been recorded in a footnote to the financial statements, since at the time of the financial statement filing the contract amount was in dispute and the items had not been paid for, nor could the school take ownership of the construction draw account.

Auditor of State Response:

The Academy failed to record the activity in 2009 which resulted in an audit adjustment. No disclosures to the footnotes regarding this activity had been made in the current or previous years.

FINDING NUMBER 2009-002

Material Noncompliance

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

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

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

11 out of 30 (37%) expenditures selected for testing did not have a purchase order.

Failure of the Academy to execute a purchase order prior to making an expenditure could result in overspending funds and negative cash fund balances. We recommend the Academy execute a purchase order prior to making expenditures as required by their policies.

Officials' Response:

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

FINDING NUMBER 2009-003

Finding for Recovery

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

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

FINDING NUMBER 2009-003
(Continued)

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

Board Member Name	Total Meetings Attended	Total Amount Paid (From Expenditure Ledger)	Total Amount Due	Amount Overpaid
Ron Gore	6	$750	$600	$150

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code, Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Ron Gore in the amount of $150 and in favor of the Cincinnati College Preparatory Academy.

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

Accordingly, Fiscal Officer Stephanie Millard and Ohio Farmers Insurance Company, are jointly and severally liable in the amount of $150 and in favor of the Cincinnati College Preparatory Academy.

Officials' Response:

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

CINCINNATI COLLEGE PREPARATORY ACADEMY
HAMILTON COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2009

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***:
2008-001	Noncompliance – Blanket purchase orders not executed.	No	Not Corrected, Reissue as Finding 2009-001.
2008-002	Finding For Recovery – Board Members	No	Not Corrected, Reissue as Finding 2009-002.
2008-003	Questioned Cost – Level of Effort, Title I	Yes	
2008-004	Questioned Cost – Allowable Costs, Title I	Yes	

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Cincinnati College Preparatory Academy
Hamilton County
1425 Linn Street
Cincinnati, Ohio 45214

To the Board Members and Sponsor:

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 Cincinnati College Preparatory 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 is 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 December 17, 2007 and revised the policy on February 20, 2008.

2. We read the policy, noting it included the following requirements from Ohio Rev. CodeSection 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 procedure for reporting prohibited incidents;

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

   (5) 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;

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

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

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

(9) 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;

(10) 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 the Community School Sponsor and is not intended to be and should not be used by anyone other than these specified parties.

Dave Yost

Dave Yost
Auditor of State

October 24, 2012

Dave Yost • Auditor of State

CINCINNATI COLLEGE PREPARATORY ACADEMY

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
DECEMBER 18, 2012

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