CLEVELAND COMMUNITY SCHOOL
CUYAHOGA COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2011

Dave Yost • Auditor of State

CLEVELAND COMMUNITY SCHOOL
CUYAHOGA COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

Cleveland Community School
Cuyahoga County
1701 East 12th Street
Cleveland, Ohio 44114

To the Board of Directors:

We have audited the accompanying basic financial statements of Cleveland Community School, Cuyahoga County, Ohio (the School), as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as described in paragraphs three through six, 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 opinions.

The School did not maintain sufficient documentation to support adjustments made to Net Assets Beginning of Year.

The School did not maintain sufficient documentation to support amounts recorded as capital assets or long-term liabilities.

The School also did not maintain documentation to support Defined Benefit Pension Plans and Post-Employment Benefits disclosure or the disclosures related to the items listed in paragraphs three and four above.

Amounts reported on the Statement of Cash Flows were unsupported.

In our opinion, except for the effect, if any, of adjustments to financial statement amounts or revisions to disclosures that may have been required for Net Assets Beginning of Year, capital assets, long-term liabilities, the Defined Benefit Pension Plans and Post-Employment Benefit disclosures, and unsupported amounts on the Statement of Cash Flows described above the financial statements referred to above present fairly, in all material respects, the respective financial position of Cleveland Community School, Cuyahoga County, Ohio, as of June 30, 2011, and the respective changes in financial position 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 22, 2013, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. 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.

The accompanying financial statements have been prepared assuming that the School will continue as a going concern. As discussed in Note 17 to the basic financial statements, the Statement of Net Assets shows the School had a net deficit balance of $343,338. In addition, in September of 2011, the Ohio Department of Education notified Ashe Culture Center, the School's sponsor, that they are no longer permitted to sponsor community schools in Ohio. These conditions raise substantial doubt about the School's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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 financial statements that collectively comprise the School's basic financial statements taken as a whole. The Schedule of Federal Awards Receipts and Expenditures (the 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 basic financial statements. The Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This Schedule was 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 underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. The School did not provide evidence to support the amounts on this schedule were used for federal purposes. As a result, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on whether the schedule of federal awards receipts and expenditures referred to above 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

March 22, 2013

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CLEVELAND COMMUNITY SCHOOL
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Our discussion and analysis of The Cleveland Community School (CCS) financial performance provides an overall review of CCS's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at CCS's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of CCS's financial performance.

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

FINANCIAL HIGHLIGHTS

Key Financial Highlights for CCS for the 2010-2011 school year are as follows:

- Total assets increased by $48,519 or 11%.
- Total liabilities decreased by $531,875 or 39%.
- Total net assets increased by $172,655 or 33%.
- Total operating revenues were $1,327,520. Total operating expenses were $1,769,324.

USING THIS ANNUAL REPORT

This report consists of three parts: the MD&A, the basic financial statements, and notes to those statements. The basic financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets, and a Statement of Cash Flows.

The Statement of Net Assets and Statement of Revenues, Expenses, and Changes in Fund Net Assets reflect how CCS did financially during fiscal year 2011. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting includes all of the current year revenues and expenses regardless of when cash is received or paid.

These statements report CCS's net assets and changes in those assets. This change in net assets is important because it tells the reader whether the financial position of CCS has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include CCS's student enrollment, per-pupil funding as determined by the State of Ohio, change in technology, required educational programs and other factors.

CCS uses enterprise presentation for all of its activities.

STATEMENT OF NET ASSETS

The Statement of Net Assets answers the question of how CCS did financially during 2011.

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 resource focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

Table 1 provides a summary of the School's net assets for fiscal years 2010 and 2011.

Table 1
Statement of Net Assets

	2011	Restated 2010	Change
Assets			
Current Assets	$135,881	$25,614	$110,267
Captial Assets, Net of Accumulated Depreciation	340,903	402,651	(61,748)
Total Assets	476,784	428,265	48,519
Liabilities			
Current Liabilities	261,843	286,736	(24,893)
Long Term Liabilities	558,279	1,065,261	(506,982)
Total Liabilities	820,122	1,351,997	(531,875)
Net Assets			
Invested in Capital Assets, net of related debt	340,903	402,651	(61,748)
Unrestricted	(684,241)	(918,644)	234,403
Total Net Assets	($343,338)	($515,993)	$172,655

Total net assets increased to $(343,338), a significant increase which resulted from the School having a significantly larger receivable in 2011 and the long term liabilities dropped resulting from the lawsuit settlement. Capital Assets, net of depreciation, changed as a result of depreciation expense. Current liabilities dropped in 2011 as fewer accounts payable were recognized.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

Table 2 shows the changes in fund net assets for fiscal years 2010 and 2011, as well as a listing of revenues and expenses. This change in net assets is important because it tells the reader that, for the CCS as a whole, the financial position of the CCS has improved or diminished. The cause of this may be the result of many factors, some financial, some not. Non-financial factors include the current laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

Table 2

Change in Net Assets

	2011	2010	Change
Revenues			
Operating revenues:			
Foundation payments	$1,326,769	$1,223,302	$103,467
Other operating revenues	751	3,868	(3,117)
Non-operating revenues:			
Federal and state grants	563,585	327,449	236,136
Net Debt Forgiveness	484,227	0	484,227
Total revenues	2,375,332	1,554,619	820,713
Expenses			
Operating expenses:			
Salaries	445,380	565,432	(120,052)
Fringe benefits	255,185	246,173	9,012
Purchased services	888,582	867,894	20,688
Materials and supplies	56,048	20,951	35,097
Depreciation	61,747	40,000	21,747
Other expenses	62,382	100,502	(38,120)
Total Expenses	1,769,324	1,840,952	(71,628)
Change in Net Assets	606,008	(286,333)	$892,341
Beginning Net Assets	(949,346)	(663,013)	
Ending Net Assets	($343,338)	($949,346)	

Total revenues increased as CCS received additional foundation revenue as the FTE number of students increased by almost thirty-four over the 2010 count. The CCS also saw additional federal and state grants due to the ARRA funding. The net debt forgiveness CCS received as part of the lawsuit settlement is counted as a non-operating revenue. Despite the increases in students and funding, CCS actually reduced their salary costs and saw the overall expenses decrease from 2010 levels.

BUDGETING HIGHLIGHTS

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Chapter 5705, unless specifically provided in the community school's contract with its sponsor.

The contract between CCS and its Sponsor does prescribe a budgetary process. CCS has developed a one year spending plan and a five-year forecast that is reviewed semi-annual by the Board of Trustees. The five-year forecast is also submitted to the Sponsor and the Ohio Department of Education, annually.

CAPITAL ASSETS

CCS has invested in capital assets, net of accumulated depreciation. No additional investments in capital asset in the fiscal year were made. Detailed information regarding capital asset activity is included in the Note 4 in the notes to the basic financial statements.

DEBT OBLIGATIONS

CCS has debt obligations comprised of loans totaling $558,279 at June 30, 2011. See the note 15 to the basic financial statement for further details.

CONTACTING CCS'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of CCS's finances and to demonstrate accountability for the money it receives. If you have questions about this report or need additional information contact Mrs. Candace S. Williams, Executive Director, Cleveland Community Schools,1701 East 12 Street, Cleveland, Ohio 44114.

CLEVELAND COMMUNITY SCHOOL
CUYAHOGA COUNTY, OHIO
STATEMENT OF NET ASSETS

AS OF JUNE 30, 2011

Assets:	
Current assets:	
Cash and cash equivalents	$ 35,187
Accounts Receivable	100,694
Total current assets	135,881
Noncurrent assets:	
Capital assets, net	340,903
Total noncurrent assets	340,903
Total Assets	476,784
Liabilities:	
Current liabilities	
Accounts payable	106,422
Accrued wages and benefits payable	102,699
Intergovernmental payable	17,379
Due to Villaview Community School	35,343
Total current liabilities	261,843
Long term debt less current portion	558,279
Total Liabilities	820,122
Net Assets:	
Invested in capital assets, net of related debt	340,903
Unrestricted	(684,241)
Total net assets	$ (343,338)

See accompanying notes to the basic financial statements

CLEVELAND COMMUNITY SCHOOL
CUYAHOGA COUNTY, OHIO
STATEMENT OF REVENUS, EXPENSES AND CHANGES IN FUND NET ASSETS

For the Fiscal Year Ended June 30, 2011

Operating Revenues:		
State Foundation (Aid)	$	1,326,769
Local revenue		751
Total operating revenues		1,327,520
Operating Expenses:		
Salaries		445,380
Fringe benefits		255,185
Purchased services		888,582
Materials and supplies		56,048
Depreciation		61,747
Other operating expenses		62,382
Total operating expenses		1,769,324
Operating Loss		(441,804)
Non-Operating Revenues:		
Federal and State grants		563,585
Net forgiveness of debt		484,227
Total non-operating revenues		1,047,812
Change in net assets		606,008
Net assets at beginning of year, restated		(949,346)
Net assets at end of year	$	(343,338)

See accompanying notes to the basic financial statements

CLEVELAND COMMUNITY SCHOOL
CUYAHOGA COUNTY, OHIO
STATEMENT OF CASH FLOWS

For the Fiscal Year Ended June 30, 2011

Increase (Decrease) in cash and cash equivalents	
Cash flows from operating activities:	
Cash received from State of Ohio - Foundation	$ 1,326,769
Cash received from other operating revenues	751
Cash payments for personal services	(750,391)
Cash payments for contract services	(947,724)
Cash payments for supplies and materials	(56,048)
Net cash used by operating activities	(426,643)
Cash flows from noncapital financing activities:	
Cash received from state and federal grants	563,585
Payment on short term loan	(79,000)
Principal paid on debt obligations	(22,755)
Net cash provided by noncapital financing activities	461,830
Net change in cash and cash equivalents	35,187
Cash and Cash Equivalents at beginning of year	-
Cash and Cash Equivalents at end of year	35,187

Reconciliation of operating loss to net cash used by operating activities:

Operating loss	(441,804)
Adjustments to reconcile operating loss to net cash provided for operating activities:	
Depreciation	61,747
Change in assets and liabilities:	
Increase in accounts receivable	(100,694)
Increase in accounts payable	64,237
Increase in accrued wages and benefits	49,826
Decrease in bank account liability	(45,266)
Decrease in deferred revenue	(10,689)
Decrease in advance from treasurer	(4,000)
Net cash used by operating activities	$ (426,643)

See accompanying notes to the basic financial statements

NON CASH ACTIVITY
The School received $484,227 in prior year debt forgiveness that did not impact cash.

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1. DESCRIPTION OF ENTITY

Cleveland Community School (CCS) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702 to address the needs of students in kindergarten through the fourth grade. CCS qualified as an exempt organization under Section 501 (c) (3) of the Internal Revenue Code effective August 18, 2005. Management is not aware of any course of action or series of events that have occurred that might adversely affect CCS's tax-exempt status.

CCS, which is part of the State's education program, is independent of any school district and is nonsectarian in its programs, admissions policies, employment practices, and all other operations. CCS may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of CCS.

In 2007, the CCS legally changed its name from Cleveland Lighthouse Charter Community School – East to Cleveland Community School. In 2009 the name was changed to Cleveland Community School.

On April 27, 2005 CCS was approved for operation under a contract between the governing authority of CCS and Ashe Culture Center, Inc. (the Sponsor), as their sponsor. Under the terms of the contract, the Sponsor will provide sponsorship services for a fee. The Sponsor is responsible for evaluating the performance of CCS and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration. During 2011, Ashe was not renewed by the Ohio Department of Education as an eligible sponsor and the Ohio Department of Education took over the sponsorship for the school.

CCS operates under the direction of a four-member Board of Trustees. The Board is responsible for carrying out the provisions of the contract which include, but are not limited to, state mandated provisions regarding student populations, curriculum, academic goals, performance standards, admissions standards, and qualifications of teachers.

The board members of the CCS are also board members of Villaview Community School, formerly named Cleveland Lighthouse Charter Community School – West.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial Statements of the CCS 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. CCS also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued prior to November 30, 1989, provided those pronouncements do not conflict with or contradict GASB pronouncements. CCS's significant accounting policies are described below.

A. BASIS OF PRESENTATION

CCS's basic financial statements consist of a Statement of Net Assets, a Statement of Revenue, Expenses and Changes in Fund Net Assets, and a Statement of Cash Flows. Enterprise fund reporting focuses on the determination of the changes net assets, financial position and cash flows.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. BASIS OF PRESENTATION (CONTINUED)

Auditor of State of Ohio Bulletin No. 2000-005 requires the presentation of all financial activity to be reported within one enterprise fund for year-ending reporting purposes. Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprise where the intent is that the cost (expense) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by measurement focus. Under this measurement focus, all assets and all liabilities are included on the balance sheet. The operating statement presents increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting is used for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. 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 for in the schools sponsorship agreement. The contract between CCS and its Sponsor requires a budget to be adopted annually, and be reviewed on a monthly basis. The Board also develops a five year forecast which is reviewed semi-annually.

D. CASH AND CASH EQUIVALENTS

All monies received by CCS are maintained in a demand deposit account. For internal accounting purposes, CCS segregates its cash. CCS has no investments at June 30, 2011.

E. ESTIMATES

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. CAPITAL ASSETS

Fixed assets are capitalized at cost. The costs of additions are capitalized and expenditures for repairs and maintenance are expensed when incurred. When property is sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in additions to or deductions from net assets. Deprecation of fixed assets is calculated utilizing the straight-line method over the estimated useful lives of the assets. The useful lives follow:

Asset	Useful Life
Furniture, Equipment and Materials	10 years
Computers and Office Equipment	3 years
Leasehold Improvements	10 years

CCS has an asset capitalization threshold policy of $5,000. (See Note 4)

G. INTERGOVERNMENTAL REVENUES

CCS 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.

Grants and entitlements are recognized as non-operating revenues in the accounting period in which eligibility requirements have been met.

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 CCS must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to CCS on a reimbursement basis.

CCS also participates in various federal and state programs through the Ohio Department of Education.

Under the above programs CCS received $1,890,354 this fiscal year.

H. COMPENSATED ABSENCES

Vacation is taken in a manner in which corresponds with CCS calendar; therefore CCS does not accrue vacation time as a liability. Sick days are earned at a rate of four hours per month and can be accrued up to the amount of paid personal days included in the contract year. CCS does not accept a transfer of sick days. No financial accrual for sick leave is made since unused sick leave is not paid to employees upon separation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. ACCRUED LIABILITIES

Obligations incurred but unpaid at June 30 are reported as accrued liabilities in the accompanying financial statements. These liabilities consisted of accounts payable, accrued wages and benefits, intergovernmental payable, due to Villaview Community School, and long term liabilities totaling $820,122.

J. EXCHANGE AND NON-EXCHANGE TRANSACTIONS

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 CCS 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 CCS must provide local resources to be used for a specified purpose, and expenditures requirements, in which the resources are provided to CCS on a reimbursement basis.

K. NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist 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. Net assets are reported as restricted when there are limitations imposed on their use through external restriction imposed by creditors, grantors, or law and regulations of other governments. CCS applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

L. OPERATING REVENUES AND EXPENSES

Operating revenues are those revenues that are generated directly from the primary activities of CCS. For CCS, these revenues are primarily the State Foundation program. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of CCS. Revenue and expenses not meeting this definition are reported as non-operating.

M. INTERGOVERNMENTAL RECEIVABLES

All receivables are considered collectible in full due to the stable condition of State programs, and the fiscal year guarantee of federal funds. Intergovernmental receivables of the CCS at June 30, 2011, of which all grant requirements had been satisfied, consisted of title funding grants which totaled $100,694.

N. DUE TO VILLAVIEW COMMUNITY

The School received money from Villaview Community School throughout the year to help cover payroll and other related expenses. The amount recorded on the statement of net assets is expected to be repaid within one year.

3. CASH AND CASH EQUIVALENTS

The following information classifies deposits by category of risk as defined in GASB Statement No.3 "Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements," as amended by GASB Statement No.40, "Deposit, and Investment Risk Disclosures".

CCS maintains its cash balances at one financial institution located in Ohio. The entire bank balances are insured by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2011, the book amount of CCS's deposits was $35,187 and the bank balance was also $44,829.

CCS had no deposit policy for custodial risk beyond the requirement of state statute. Ohio law requires that deposits either be insured or be protected by eligible securities pledged to and deposited either with CCS or a qualified trustee by the financial institution as security for repayment or by a collateral pool of eligible securities deposited with a qualified trustee to secure repayment of all public monies deposited in the financial institution whose market value shall be at least 105% of deposits being secured. At June 30, 2011, none of the bank balance was exposed to custodial credit risk.

4. CAPITAL ASSETS AND DEPRECIATION

For the period ending June 30, 2011, CCS's capital assets consisted of the following:

	Balance 06/30/2010	Additions	Deletions	Balance 06/30/2011
Capital Assets Being Depreciated:				
Leasehold Improvements	$399,958	$0	$0	$399,958
Equipment	236,575	0	0	236,575
Total Capital Assets Being Depreciated:	636,533	0	0	636,533
Less: Accumulated Depreciation				
Leasehold Improvements	(160,000)	(40,000)	0	(200,000)
Equipment	(73,883)	(21,747)	0	(95,630)
Total Accumulated Depreciation	(233,883)	(61,747)	0	(295,630)
Net Capital Assets	$402,650	($61,747)	$0	$340,903

5. EDUCATIONAL FACILITY LEASE

CCS leases its facility at Reserve Square, 1701 East 12th Street, Cleveland from Reserve Apartment, Ltd. Under a ten year lease agreement effective July 1, 2006 set to expire June 30, 2016. That lease was voided at June 30, 2010. CCS entered into a one year lease from July 2010 through June 2011 and entered into a new one year lease from July 2011 to June 2012. Monthly payments under the terms of the lease increase each year according to an agreed upon schedule. In fiscal year 2011, CCS paid $178,441 in rental payments. This amount is recorded and reflected in the Statement of Revenue, Expenses and Change in Fund Net Assets as purchase services.

6. RISK MANAGEMENT

A. PROPERTY & LIABILITY

CCS 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. For the fiscal year 2011, CCS contracted with Philadelphia Indemnity Insurance Company for all of its insurance.

B. WORKERS' COMPENSATION

CCS pays the State Worker's 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.

C. EMPLOYEE BENEFITS

CCS provides medical, dental, vision, and life insurance benefits to most employees. Depending upon the plan chosen, the employees share the cost of the monthly premium with the Board. The premium varies with employees depending on the terms of the agreement with the employee.

7. DEFINED BENEFIT PENSIONS PLANS

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO (SERS OHIO)

Plan Description – CCS contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plans. 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 contacting School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746, or by calling toll free 1-800-878-5853. It is also posted at the SERS' website at www.ohsers.org under Employer/ Audit Resources.

7. DEFINED BENEFIT PENSIONS PLANS (CONTINUED)

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO (SERS OHIO) (CONTINUED)

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and CCS is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount 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 and Health Care Fund.) of the System. For the fiscal year ending June 30, 2012, the allocation to pension and death benefits is 11.77 percent. The remaining 2.23 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. CCS contributions to SERS for the years ended June 30, 2011, 2010, and 2009 were $84,473, $51,915, and $46,827 respectively, which equaled the required contributions each year.

B. STATE TEACHERS RETIREMENT SYSTEM (STRS OHIO)

Plan Description – CCS contributes to the State Teachers Retirement System of Ohio (STRS Ohio), which is 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, which may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

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

A DB or Combined Plan member with five or more years credited service that 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.

7. DEFINED BENEFIT PENSIONS PLANS (CONTINUED)

C. STATE TEACHERS RETIREMENT SYSTEM (STRS OHIO) (CONTINUED)

Funding Policy - For the fiscal year ended June 30, 2011, plan members were required to contribute 10 percent of their annual covered salaries. CCS was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2010, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

CCS's required contribution for pension obligations to STRS for the fiscal years ended June 30, 2011, 2010, and 2009 were $99,796, $56,543, and $48,013 respectively, of which 100% has been contributed.

The above is the latest information available.

D. SOCIAL SECURITY SYSTEM

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2011, there were no members that elected Social Security. The contribution rate is 6.2 percent of wages.

8. POST EMPLOYEMENT BENEFITS

A. SCHOOL EMPLOYEE RETIREMENT SYSTEMS (SERS)

In addition to a cost-sharing multiple-employer defined pension plan the School Employees Retirement System of Ohio (SERS) administers two post-employment benefit plans.

Medicare Part B

Medicare B plan reimburse Medicare B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefits recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part premium or the current premium. The Medicare Part B premium for calendar year 2011 was $96.40; SERS' reimbursement for retirees was $45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund, For fiscal 2011, the actuarial required allocation is 0.76 percent CCS's contributions for the years ended June 30, 2011, 2010, and 2009 were $4,586, $4,240 and $3,864.

8. POST EMPLOYMENT BENEFITS (CONTINUED)

A. SCHOOL EMPLOYEE RETIREMENT SYSTEMS (SERS) (CONTINUED)

Health Care Plan

ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions.

The Health Care Fund was established under, and is administered in accordance with the Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. For the year ended June 30, 2011, the health care allocation is 1.43. An additional health care surcharge on employers is collected for employees earning less than the actuarially determined minimum compensation amount, pro-rated according to service credit earned.

Statutes provides that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge.

For the fiscal year June 30, 2011, the minimum compensation level was established at $35,800. The surcharge added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. CCS's contributions assigned to health care for the years ended June 30, 2011, 2010, and 2009 were zero.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its Comprehensive Annual Financial Report. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on the SERS' website www.ohsers.org under Employers/Audit Resources.

8. POST EMPLOYMENT BENEFITS (CONTINUED)

B. STATE TEACHERS RETIREMENT SYSTEM (STRS)

Plan Description – CCS 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 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were $7,128, $4,240, and $3,693 respectively all of which has been contributed for all fiscal years.

The above is the latest information available.

9. CONTINGENCIES

A. GRANTS

CCS received financial assistance from federal and state agencies in the form of grants. Amount received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amount which may be disallowed, if any, are not presently determinable. However, in the opinion of CCS, any such adjustments will not have a material adverse effect on the financial position of CCS.

B. LITIGATION

In August 2010, CCS and Villaview Community School were sued by Lighthouse Academies, Inc. for the past due management fees, a revolving loan and an operating loan. The suit has been settled for a fixed amount of $300,000 payable at $2,500 per month with no interest. The note will be satisfied in ten years and is completely the responsible of CCS with Villaview Community School retaining no obligation for repayment.

C. FULL-TIME EQUIVALENCY

The Ohio Department of Education (ODE) conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by CCS. These reviews are conducted to ensure CCS is reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. A review for the period of July 1, 2010 through June 30, 2011 has not been performed as of June 30, 2011.

10. SPONSORSHIP- ASHE CULTURE CENTER INC.

CCS contracted with Ashe Culture Center Inc. as its sponsor and oversight services as required by law. CCS pays the Sponsor three percent of State Aid. Sponsorship fees are calculated as three percent of state funds received by CCS from the State of Ohio. For the fiscal year ended June 30, 2011, sponsorship fees totaled $41,461.

11. L.E.D. CONSULTING, INC. – Treasury Services

CCS entered into a contract with L.E.D. Consulting, Inc. to provide treasury services, as defined by the contract. Contract provision binds CCS to pay $4,000 per month through November 30, 2010 and $5,000 per month for the remainder of the fiscal year, as well as reimbursements for any mailing fees or loans. CCS paid $76,418 for these services for the fiscal year ending June 30, 2011.

12. PURCHASED SERVICES

For the period of July 1, 2010 through June 30, 2011, CCS made the following purchase service commitments. These commitments include sponsor, management and CCIP fees, were applicable.

Professional and Technical Services	$412,951
Occupancy	224,884
Food Service	135,295
Pupil Transportation	115,452
Total Purchased	$888,582

13. RELATED PARTIES

The members of CCS Board of Trustees are also members of the Villaview Community School.

Dr. Jorethia Chuck, wife of Dr. Kwa David Whitaker, owner of ASHE Culture Center, Inc. CCS's Sponsor during fiscal year 2011, is the owner of Exceptional Psychological Services. Exceptional Psychological Services was paid $17,085 during fiscal year 2011.

Dionne Whitaker, daughter of Dr. Whitaker, is the owner of Kennedy Education Consultants, LTD, a company which provided lesson plans and other related services to CCS. Dionne Whitaker and Kennedy Education Consultants were paid a total of $9,425 for these services during the year.

Brandon Whitaker, nephew of Dr. Whitaker, performs maintenance and custodial services for CCS. Payments to Brandon Whitaker totaled $11,226.

14. PAYABLE TO VILLAVIEW COMMUNITY SCHOOL

Often CCS receives and distributes monies from or to Villaview Community School to assist in maintaining cash flow to operate the respective school. At June 30, 2011, CCS owed $35,343 to Villaview Community School for loans it received. There is no formal repayment schedule. The monies are returned when resources are available. This amount is reported on the Statement on Net Assets as Due to Villaview Community School.

15. DEBT OBLIGATIONS

The following table summarizes the debt obligation activity for fiscal year ended June 30, 2011.

	Principal at 06/30/2010	Additions	Deletions	Principal at 06/30/2011
Charter School Development Corp.	$0	$295,279	$12,000	$283,279
City First Bank	294,784	0	294,784	0
LHA Revolving Loan	230,000	0	230,000	0
LHA Operating Loan	90,000	0	90,000	0
Loan Payable	450,477	0	450,477	0
LHA Settlement Note	0	275,000	0	275,000
Total Debt Obligations	$1,065,261	$572,279	$1,077,261	$558,279

The loan payable for $283,279 is from Charter School Development Corporation to the School for leasehold improvements made to property leased by CCS. The original amortization schedule required CCS to make principal and interest payments through 2009. At June 30, 2010, the amount was still due with no repayment schedule specified. This obligation was re-negotiated and extended during November 2010 allowing a repayment of $3,000 at a 0% interest rate. This loan payable replaced the former $294,784 loan payable to City First Bank.

The revolving loan payable for $230,000 is a demand loan in the form of a promissory note payable to Lighthouse Academies, Inc. (LHA), which is the School's previous management firm and as of June 30, 2011 was payable at the end of the charter term. This obligation was included as part of an agreement reached in October 2011 with LHA to forgive the balance due and accept a fixed settlement amount payable by Cleveland Community School with no remaining obligation due from VCS and included in the LHA Settlement Note.

The operating loan payable for $90,000 is an operating loan in the form of a promissory note payable to Lighthouse Academies, Inc. (LHA). At June 30, 2011 this was payable when VCS had available cash for repayment, which no specific repayment date specified. This obligation was included as part of an agreement reached in October 2011 with LHA to forgive the balance due and accept a fixed settlement amount payable by Cleveland Community School with no remaining obligation due from VCS and included in the LHA Settlement Note.

The loan payable for $450,477 is a liability to CCS's previous management firm, Lighthouse Academies, Inc. (LHA), for unpaid management fees. At June 30, 2011, there was no repayment schedule specified. This obligation was included as part of an agreement reached in October 2011 with LHA to forgive the balance due and accept a fixed settlement amount payable by Cleveland Community School with no remaining obligation due from VCS and included in the LHA Settlement Note.

The loan payable for $275,000 is a liability to LHA for unpaid management fees. At June 30, 2011, there was no repayment schedule specified. This obligation was included as part of an agreement reached in October 2011 for a fixed amount of $275,000 payable at $2,500 per month with no interest. The note will be satisfied in 10 years.

16. RESTATEMENT OF NET ASSETS

CCS had an appraisal date November 2010 that provided updated information on the CCS's capital assets. The CCS also removed a previously reported security deposit that after significant research was determined was not a receivable. The following table shows the impact of these adjustments:

Net Assets at June 30, 2010	($1,086,425)
Change in Capital Assets	162,693
Removal of Asset Recognition	(25,614)
Restated Net Assets at June 30, 2010	($949,346)

17. FISCAL DISTRESS

As of June 30, 2011, CCS had a deficit of $343,338. The Treasurer and Board plan to institute budgetary constraints which ensure discretionary expenditures remain within annual resources. The Treasurer shall monitor the actual to budget activity to report to the Board and management needed budgetary revisions to maintain solvency. Ashe Culture Center, the CCS sponsor, had renewed its sponsorship with CCS and the current agreement would have expired on June 30, 2013; however, the Ohio Department of Education removed Ashe Culture Center's authority to sponsor charter schools in September 2011. Pursuant to Ohio Revised Code, CCS may not operate without a sponsor. The Ohio Department of Education took over sponsorship of CCS while it seeks another sponsor.

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CLEVELAND COMMUNITY SCHOOL
CUYAHOGA COUNTY

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2011

FEDERAL GRANTOR ***Pass Through Grantor*** Program Title	Federal CFDA Number	Receipts	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Ohio Department of Education			
Child Nutrition Cluster:			
School Breakfast Program - FY 2011	10.553	$51,026	$51,026
National School Lunch Program - FY 2011	10.555	84,150	84,150
Total Child Nutrition Cluster		135,176	135,176
Total U.S. Department of Agriculture		135,176	135,176
U.S. DEPARTMENT OF EDUCATION			
Passed Through Ohio Department of Education			
Special Education Grants - FY 2011	84.027	30,452	30,452
Special Education Grants - FY 2011 - ARRA	84.391	14,980	14,980
Total Special Education Grants		45,432	45,432
Title I Cluster:			
Title I - FY 2010	84.010	3,614	3,614
Title I - FY 2011	84.010	109,723	109,723
Title I - FY 2011 - ARRA	84.389	49,618	49,618
Total Title I Cluster		162,955	162,955
Technology Literacy Fund Grants - FY 2011	84.318	42	42
Improving Teacher Quality - FY 2011	84.367	442	442
Education Stabilization Fund - FY 2011 - ARRA	84.394	112,670	112,670
Education Jobs Fund - FY 2011	84.410	69,200	69,200
Total U.S. Department of Education		390,741	390,741
TOTAL FEDERAL AWARDS RECEIPTS AND EXPENDITURES		$525,917	$525,917

The accompanying notes to this schedule are an integral part of this schedule.

CLEVELAND COMMUNITY SCHOOL
CUYAHOGA COUNTY

NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2011

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports Cleveland Community School's (the School's) federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

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

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

Cleveland Community School
Cuyahoga County
1701 East 12th Street
Cleveland, Ohio 44114

To the Board of Directors:

We have audited the financial statements of Cleveland Community School, Cuyahoga County, (the School) as of and for the year ended June 30, 2011, and have issued our report thereon dated March 22, 2013, wherein we noted there was insufficient evidence to support adjustments made to Net Assets Beginning of Year, Capital Assets, Long-Term Liabilities, the related disclosures, the Defined Benefit Pension Plans and Post-Employment Benefit disclosures, and the Statement of Cash Flows in the basic financial statements. In addition, we noted the School had a net deficit balance of $343,338 and the School's sponsor is no longer permitted to sponsor community schools in Ohio. We also expressed substantial doubt regarding the School's ability to continue as a going concern. 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 School's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the School's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the School's internal control over financial reporting.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2011-01 and 2011-02 described in the accompanying schedule of findings and questioned costs to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2011-03 described in the accompanying schedule of findings and questioned costs to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the School'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 we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 2011-01 through 2011-04.

We also noted certain matters not requiring inclusion in this report that we reported to the School's management in a separate letter dated March 22, 2013.

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

Dave Yost

Dave Yost
Auditor of State

March 22, 2013

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

Cleveland Community School
Cuyahoga County
1701 East 12th Street
Cleveland, Ohio 44114

To the Board of Directors:

Compliance

We have audited the compliance of Cleveland Community School (the School) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the School's major federal programs for the year ended June 30, 2011. The *summary of auditor's results* section of the accompanying schedule of findings and questioned costs identifies the School's major federal programs. The School's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the School's compliance based on our audit.

Our compliance audit followed 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*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the School's compliance with these 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 School's compliance with these requirements.

As described in findings 2011-06 through 2011-15 in the accompanying schedule of findings and questioned costs, the School did not comply with requirements regarding Activities Allowed and Unallowed, Cash Management, Equipment and Real Property Management, Maintenance and Level of Effort, Procurement and Suspension and Debarment, ARRA Section 1512 Reporting, Presentation of the Schedule of Federal Awards and Data Collection Form, Separate Accountability of Title I ARRA Funding, Highly Qualified Teachers and Paraprofessionals, and Identifying Schools and LEAs Needing Improvement that apply to its Title I Cluster major federal program. Compliance with these requirements is necessary, in our opinion, for the School to comply with requirements applicable to this program.

In our opinion, because of the effect of the noncompliance described in the preceding paragraph, Cleveland Community School did not comply, in all material respects with the requirements referred to above that could directly and materially affect its Title I Cluster major federal program for the year ended June 30, 2011.

As described in findings 2011-17 through 2011-20 in the accompanying schedule of findings and questioned costs, the School did not comply with requirements regarding Cash Management, Procurement and Suspension and Debarment, ARRA Section 1512 Reporting, and Special Tests and Provisions – Separate Accountability applicable to its State Fiscal Stabilization Fund major federal program. Compliance with these requirements is necessary, in our opinion, for the School to comply with requirements applicable to this program.

In our opinion, except for the noncompliance described in the preceding paragraph, Cleveland Community School complied, in all material respects, with the requirements referred to above that could directly and materially affect its State Fiscal Stabilization Fund major federal program for the year ended June 30, 2011.

Internal Control Over Compliance

The School's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School's internal control over compliance with the requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, we cannot assure we have identified all deficiencies, significant deficiencies, or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2011-05 through 2011-20 to be material weaknesses.

We intend this report solely for the information and use of management, the Board of Directors, the School's sponsor, others within the entity, 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

March 22, 2013

CLEVELAND COMMUNITY SCHOOL
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2011

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Qualified
(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)?**	Yes
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	Yes
(d)(1)(iv)	**Were there any material internal control weaknesses reported for major federal programs?**	Yes
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Adverse – Title I Cluster Qualified – State Fiscal Stabilization Fund
(d)(1)(vi)	**Are there any reportable findings under § .510(a)?**	Yes
(d)(1)(vii)	**Major Programs (list):**	Title I Basic Grants to States and ARRA Title I – CFDA #84.010 and #84.389 ARRA State Fiscal Stabilization Fund – CFDA #84.394
(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 2011-01

Condition of Accounting Records – Material Noncompliance and Material Weakness

Ohio Admin. Code Section 117-2-02(A) states that all local public offices shall 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 (and liabilities, if generally accepted accounting principles apply), document compliance with finance related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code.

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

Instead of complete and accurate financial records, we noted the following:

- The School provided a trial balance but adjustments made to various asset and liability accounts were unsupported;
- The Statement of Cash Flows was not presented consistently nor did it agree to the underlying financial statement data;
- The School's reported cash balance did not agree to the School's accounting records;
- The School does not perform a monthly School-wide bank-to-book reconciliation. Reconciliations are generated from the School's accounting software on a monthly basis, and are not accurate, nor are they reviewed;
- Checks were not issued in sequential order;
- Two checks the School recorded as voided cleared the bank during the fiscal year;
- Checking account reconciliations contained outstanding checks that were either voided or not outstanding at year-end and did not agree to the amounts reported in the financial statements. Payroll general journal entries were included with outstanding checks and were not traceable to bank statements;
- Interest accrued on promissory notes was not recorded in the financial statements;
- The School did not accurately report loan payments made nor did they report new loans during the fiscal year;
- The School did not provide loan repayment agreements for its loan agreement with Villaview Community School which were approved by the Board;
- The School did not provide a signed agreement for its loan transfer from City First bank to Charter School Development Corporation;
- The Statement of Net Assets included a Prior Period Adjustment that was unsupported;
- The School does not have a capital asset policy which specifies the threshold for capital assets, depreciation, useful lives or tagging procedures;
- The School did not maintain capital asset records during the year and an independent appraisal company was contracted to perform an inventory of capital assets;
- During the physical test of existence on capital assets, four out of 11 assets were not located and six out of 11 assets were not appropriately tagged;
- The School did not provide capital asset support on leasehold improvements, which had a net balance of $199,958 at fiscal year end;

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

FINDING NUMBER 2011-01 (Continued)

Condition of Accounting Records – Material Noncompliance and Material Weakness (Continued)

- The School did not maintain sufficient documentation to support amounts reported in the Defined Benefit Pension Plans and Post-Employment Benefits note disclosures;
- The Notes to the Basic Financial Statements were not presented consistently nor did they agree to the underlying financial statement data. This resulted in adjustments to amounts reported in Basis of Presentation, Cash and Cash Equivalents, Educational Facility Lease, Sponsorship – ASHE Culture Center Inc., LED Consulting – Treasury Services, Purchased Services, Debt Obligations and Fiscal Distress;
- Two Federal Grant receipts requests, totaling $81,959, which were rejected by the Ohio Department of Education and never received by the School were incorrectly posted as Accounts Receivable;
- The amounts reported in the statements as Accounts Payable did not tie to underlying financial records and were incomplete;
- Two subsequent period expenditures were not properly recorded in the School's General Ledger as accounts payable;
- The School was unable to determine who should be issued 1099s; and
- The School was unable to provide a copy of Tax Form 990 it filed with the IRS.

During our testing of payroll disbursements, we noted the following:

- Two out of four employee personnel files tested did not contain the necessary retirement enrollment forms;
- Two out of four employee personnel files tested did not contain state and local income tax withholding forms; and
- The School did not provide supporting documentation for termination payouts to employees that left service during fiscal year 2011.

Management failed to provide all support documentation. Consequently we were unable to analyze, review, inspect for completeness, verify the accuracy of, or determine the existence of certain aspects of the School's financial records. As a result, we were not able to opine over certain areas of the financial statements including Net Assets at the Beginning of the Year, Statement of Cash Flows, Capital Assets, Long-Term Liabilities, the related disclosures, and the Defined Benefit Pension Plans and Post-Employment Benefit disclosures in the accompanying basic financial statements.

The School's management has available numerous sources of information describing the process of internal controls, recordkeeping requirements and reporting procedures. It is the responsibility of management to ensure that all responsible parties have access to this literature and training sessions. Failure to implement and maintain a system of controls over the School's financial records increases the chances of misstatement.

We recommend the School implement and maintain controls over accounting records and transactions.

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

FINDING NUMBER 2011-02

Developing and Implementing an Effective Monitoring System – Material Noncompliance and Material Weakness

Ohio Admin. Code Section 117-2-01 (A) states that all public officials are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance regarding the achievement of objectives for their respective public offices in certain categories. Subsection (C) (5) provides that internal control consists of the following component, among others: monitoring, which is a process that assesses the quality of internal control performance over time.

Monitoring is comprised of regular management and supervisory activities established to oversee whether management's objectives are being achieved. Effective monitoring controls assist management in assessing the quality of internal control performance over time. This process involves assessing the design and operation of controls on a timely basis and taking necessary corrective actions. Monitoring controls should assist management in identifying unexpected results and/or possible misstatements.

Some effective monitoring controls include:

- Regular review of monthly financial statements;
- Review of revenues and expenses with independently accumulated information (budgets, past performances, peer group representatives, etc.);
- Review of large or unusual fluctuations;
- Identification of unusual fluctuations;
- Comparison of financial statement position with financial projections and other internally prepared projections of financial position and operating results;
- Comparison of predefined key performance indicators based on the financial statements;
- Review of items which have been outstanding for extended periods of time (outstanding check listing for payroll and non payroll transactions);
- Monitoring compliance with grant agreements;
- Ensuring that an adequate segregation of duties exists; and
- Review of monthly bank reconciliations by someone independent of their preparation.

The School failed to perform adequate monitoring over financial activities. The lack of effective monitoring could lead to the misallocation or misstatement of School funds, expenditure of funds contrary to the directives of the Board, and non-compliance with federal or state laws or regulations. This could result in a loss of funding from federal and state sources, and errors or irregularities occurring in financial transactions which affect the bank reconciliations being undetected. This lack of monitoring also contributed to a qualification over the financial statement opinion.

We recommend that management prepare monthly financial statements and submit them to the Board at each regularly scheduled meeting. The Board should then review these financial statements and when satisfied as to their accuracy approve them through the minute records. In addition, management should ensure that any reports required by the grantor agencies, per the terms of grant agreements, are completed accurately and filed with the respective grantor agencies in a timely manner. Management should also ensure that proper segregation of duties exists, including an independent review of the monthly bank reconciliations.

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

FINDING NUMBER 2011-03

Governing Board Membership, Record of Minutes and Notice of Public Meetings – Material Noncompliance and Significant Deficiency

Ohio Rev. Code Section 3314.01 (B) provides a community school created under this chapter is a public school, independent of any school district, and is part of the state's program of education. The governing authority of a community school may carry out any act and ensure the performance of any function that is in compliance with the Ohio Constitution, this chapter, other statutes applicable to community schools, and the contract entered into under this chapter establishing the school. Ohio Rev. Code Section 3314.02 (E) provides in part for a Governing Board of at least five members.

Ohio Rev. Code Section 121.22 (F) states "Every public body, by rule, shall establish a reasonable method whereby any person may determine the time and place of all regularly scheduled meetings and the time, place, and purpose of all special meetings. A public body shall not hold a special meeting unless it gives at least twenty-four hours' advance notice to the news media that have requested notification, except in the event of an emergency requiring immediate official action. In the event of an emergency, the member or members calling the meeting shall notify the news media that have requested notification immediately of the time, place, and purpose of the meeting."

The following deficiencies related to Board meetings or meeting minutes were noted:

- The Board was only comprised of four members during the audit period;
- Other than one meeting during the audit period, the minutes were not signed off by a member of the Board or School official to note approval;

It is the Board's responsibility to oversee the School's operations and make decisions to ensure the School's goals and objectives are accomplished. The Board is responsible for determining the direction in which the Academy is heading. This occurs only after a great deal of consultation with parents, staff and students of the School to ensure that the school is providing the highest quality of education possible and a safe place in which students can learn. The Board minutes represent the official record of the School events and resolutions passed by the Board of Directors. Without following Board meeting requirements for proceedings, it cannot be reasonably assured that the Board is meeting its obligation to oversee the School. Without the proper number of Board members, the Board may not have the necessary authority to properly approve and carry out its necessary business.

We recommend the School take the necessary steps to approve all formal employment actions during Board meetings and to meet on a regular basis to inform the Board of important issues in a timely manner. We also recommend the School establish an open meeting and meeting notification policy, a method to notify the public of the meetings and establish a timely method of recording the Board minutes and making them available to the public for inspection.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2011

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

FINDING NUMBER 2011-04

Annual Financial Reporting – Material Noncompliance

Ohio Rev. Code Section 117.38 requires community schools to file complete and accurate GAAP reports on an annual basis. This section also provides, in part, that "at the time the annual financial report is filed with the auditor of state, the chief fiscal officer, except as otherwise provided in Section 319.11 of the Ohio Rev. Code, shall publish notice in a newspaper published in the political subdivision or taxing district, and if there is no such newspaper, then in a newspaper of general circulation in the political subdivision or taxing district. The notice shall state that the financial report has been completed by the public office and is available for public inspection at the office of the chief fiscal officer."

During our review of the School's annual financial report filed with Local Government Services for fiscal year 2011, we noted the report balances and totals were significantly misstated and misleading, and did not agree to the School's accounting system. In addition, no evidence was provided, by the School, that a public notice was published. This may prevent the public from being aware of the transparency available in the School.

By not filing accurate financial reports and an annual notice, the School is not fulfilling their duties of accountability and transparency to the public.

We recommend the School compile and present its financial statements in a complete and accurate manner in accordance with its accounting records and the above Ohio Revised Code Section. We also recommend at the time the report is filed with the auditor of state, the School, except as otherwise provided in section 319.11 of the Ohio Revised Code, shall publish notice in a newspaper published in the political subdivision or taxing district, and if there is no such newspaper, then in a newspaper of general circulation in the political subdivision or taxing district. The notice shall state that the financial report has been completed by the public office and is available for public inspection at the School's central office.

Officials Response: The School declined to respond to findings 2011-01 through 2011-04.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

System of Internal Controls for Title I and ARRA Title I Funds – Material Weakness

Finding Number	2011-05
CFDA Title and Number	#84.010 Title I #84.389 ARRA Title I
Federal Award Number / Year	2011
Federal Agency	United States Department of Education
Pass-Through Agency	Ohio Department of Education

Management and the Board are charged with the responsibility of developing and maintaining a system of internal controls over purchasing, revenue, reporting, and payroll transactions. The system of internal controls of the School should detect errors and irregularities in a timely manner, and ensure all financial transactions were properly authorized, reported and supported with documentation.

During our testing of Title I Cluster Federal expenditures, we noted the following internal control weaknesses:

- The School has no control procedures in place regarding disbursements of Title I funds;
- The School's accounting records did not show any detail or support for any purchases made with Title I or Title I ARRA funds;
- No evidence existed of someone within the School independent of the Treasurer reviewing allowable or any activity of Title I fund expenditures;
- The School has no policies or procedures with the Ohio Department of Education to minimize the time between the transfer of Title I funds and disbursement of funding;
- The School has no policies regarding eligibility determination for the Title I program;
- The School has no policies regarding the purchase or inventory of Equipment of Property with Title I funds;
- No control procedures were evident regarding Level of Effort, Maintenance of Effort or Earmarking of Title I funds;
- No records were maintained to ensure the School disbursed its Title I funds within the period of availability;
- The School has no procedures addressing Procurement or Suspension and Debarment requirements;
- The School has no policies or system of controls for ARRA Section 1512 reporting requirements; and
- The School has no record of what teachers were paid with Title I Cluster funding, and whether or not the teachers being paid with these funds are Highly Qualified.

The above weaknesses and lack of record keeping greatly increases the possibility for unauthorized expenditures and abuse related to all transactions made with Title I Cluster grant monies and led to questioned costs. These weaknesses significantly reduce management's ability to effectively monitor these transactions and make appropriate operating decisions.

We recommend the School establish the necessary policies and procedures in order to meet the requirements set forth by the OMB A-133 compliance supplement.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
(Continued)

Activities Allowed and Unallowed – Questioned Cost – Material Noncompliance and Material Weakness

Finding Number	2011-06
CFDA Title and Number	#84.010 Title I #84.389 ARRA Title I
Federal Award Number / Year	2011
Federal Agency	United States Department of Education
Pass-Through Agency	Ohio Department of Education

2 C.F.R. Part 225 Appendix A, Section A(2)(a)(2) states that governmental units assume responsibility for administrating Federal funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the Federal Award.

2 C.F.R Part 225 Appendix A, Section C.1.j provides that for a cost to be allowable, the expenditure must be adequately documented. Appendix C, Section A.1 also provides that all costs and other data used to distribute the costs included in the plan should be supported by formal accounting and other records that will support the propriety of the costs assigned to Federal Awards.

OMB Circular No. A-133, Section .105 defines questioned costs, in part, as a cost that is questioned by the auditor because of an audit finding where the costs, at the time of the audit, are not supported by adequate documentation.

During fiscal year 2011, the School spent $162,955 in Title I monies, $49,618 ARRA and $113,337 non-ARRA. The School did not maintain accounting records that identified any of its Title I Cluster expenditures and was unable to provide any supporting documentation to determine if the expenditures were reasonable for proper and efficient performance and administration of the Federal Award. Therefore, per the guidelines above, these expenditures were considered unallowable.

Failure to identify federal funds, provide adequate documentation, establish controls, and comply with grant requirements resulted in questioned costs and potential loss of federal financial assistance.

We recommend the School establish and maintain internal controls designed to ensure Federal laws, regulations and program compliance requirements, are consistent with the guidelines set forth in the above compliance sections.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
(Continued)

Cash Management – Material Noncompliance and Material Weakness

Finding Number	2011-07
CFDA Title and Number	#84.010 Title I #84.389 ARRA Title I
Federal Award Number / Year	2011
Federal Agency	United States Department of Education
Pass-Through Agency	Ohio Department of Education

34 CFR 80.21 and the Ohio Department of Education Office of Federal and State Grants Management require that all Federal funds are to be expended in the same month in which they are requested.

We noted the School does not maintain accounting records or supporting documentation that identifies any of its Title I Cluster expenditures. Therefore, we were unable to determine if the School disbursed its Title I funds in a timely manner.

Failure to disburse funds within one month may result in the inability of the School to make future project cash requests.

We recommend the School maintain adequate accounting support and disbursement recognition to ensure all Title I disbursements are made in a timely manner.

Equipment and Real Property Management – Material Noncompliance and Material Weakness

Finding Number	2011-08
CFDA Title and Number	#84.010 Title I #84.389 ARRA Title I
Federal Award Number / Year	2011
Federal Agency	United States Department of Education
Pass-Through Agency	Ohio Department of Education

2 CFR 215.34 requires that equipment be used in the program for which it was acquired or, when appropriate, other Federal programs. Equipment records shall be maintained, a physical inventory of equipment shall be taken at least once every two years and reconciled to the equipment records, an appropriate control system shall be used to safeguard equipment, and equipment shall be adequately maintained.

We noted the School does not maintain accounting records or supporting documentation that identifies any of its Title I Cluster expenditures. Therefore, we were unable to determine if the School purchased any equipment with Title I funds, and furthermore, if they were in compliance with the above requirement.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)

FINDING NUMBER 2011-08 (Continued)

Equipment and Real Property Management – Material Noncompliance and Material Weakness (Continued)

We also noted no records are being maintained and no physical inventory of equipment has ever taken place.

Failure to document equipment records and any equipment purchasing records may result in misuse of federal equipment.

The School should maintain adequate accounting support and disbursement recognition to ensure that Equipment and Real Property purchase are accounted for. In addition, they should maintain an inventory of all Title I equipment and should perform an update of this once every two years.

Maintenance and Level of Effort – Material Noncompliance and Material Weakness

Finding Number	2011-09
CFDA Title and Number	#84.010 Title I #84.389 ARRA Title I
Federal Award Number / Year	2011
Federal Agency	United States Department of Education
Pass-Through Agency	Ohio Department of Education

20 USC Section 7901 states that in order to meet Maintenance of Effort (MOE), combined fiscal effort (per student or the aggregate expenditures of the LEA and the State) cannot be less than 90% of the combined fiscal effort for the second preceding year.

20 USC Section 6321(b) states an LEA shall use Federal funds received under this part only to supplement the funds that would, in the absence of the Federal funds, be made available from non-Federal sources for the education of participating students. In no case may an LEA use Federal program funds to supplant funds from non-Federal sources.

During our testing of the requirements for Maintenance and Level of Effort, we noted the School has no supporting documentation, as required by the above compliance sections. We were unable to determine if these requirements were met.

Lack of supporting documentation for Level of Effort may result in reduced Title I funding for the School.

The School should maintain adequate supporting documentation for maintenance and level of effort to ensure compliance with the above requirements.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
(Continued)

Procurement and Suspension and Debarment – Material Noncompliance and Material Weakness

Finding Number	2011-10
CFDA Title and Number	#84.010 Title I #84.389 ARRA Title I
Federal Award Number / Year	2011
Federal Agency	United States Department of Education
Pass-Through Agency	Ohio Department of Education

2 CFR part 180 states Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. "Covered transactions" include those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed $25,000 or meet certain other specified criteria.

2 CFR section 180.300 states when a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity.

We noted the School does not maintain accounting records or supporting documentation that identifies any of its Title I Cluster expenditures. Therefore, we were unable to determine if the School complied with the above Federal compliance requirements regarding procurement or contracts equal to or exceeding $25,000 and we noted no evidence of the EPLS being checked for any transactions.

Failure to properly check the EPLS may result in the School not meeting the necessary reporting requirements.

We recommend the School maintain adequate accounting support and disbursement recognition to ensure that the correct procedures and policies were followed for procurement of purchases. Furthermore, if necessary, we recommend the School check the EPLS for any and all contracts equal to or exceeding $25,000.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
(Continued)

ARRA Section 1512 Reporting – Material Noncompliance and Material Weakness

Finding Number	2011-11
CFDA Title and Number	#84.010 Title I #84.389 ARRA Title I
Federal Award Number / Year	2011
Federal Agency	United States Department of Education
Pass-Through Agency	Ohio Department of Education

ARRA Section 1512 requires prime recipients "to report an estimate of jobs directly created or retained by project and activity or contract. Recipients will be required to report an aggregate number for the cumulative jobs created or retained for the quarter in a separate numeric field." Further, it states "the estimate of the number of jobs required by the Recovery Act should be expressed as "full-time equivalents" (FTE), which is calculated as total hours worked in jobs created or retained divided by the number of hours in a full-time schedule, as defined by the recipient. The FTE estimates must be reported cumulatively each calendar quarter."

In addition, quarterly, prime recipients are required to submit all vendors which received a single payment greater than $25,000 during the reporting period to ODE on the 1512 ARRA Subrecipient Vendor Report.

As a subrecipient of the Ohio Department of Education (ODE), the School is required to submit the above information to ODE for all applicable federal programs. In addition, the School should have sufficient internal control procedures in place to reasonably report the ARRA 1512 FTE and Subrecipient Vendor Report to ODE.

We noted the School does not maintain accounting records or supporting documentation that identifies any of its Title I Cluster expenditures, nor the employees which charge the Title I grant. Therefore, we were unable to determine if the number of employees reported for the ARRA 1512 FTE report was accurate. In addition, we were unable to determine if any transactions should have been reported to the Subrecipient Vendor Report. We also noted no control procedures in place for FTE and Subrecipient Vendor reporting for SFSF.

A lack of control procedures and underlying records to support FTE amounts reported as well as verification for Subreceipent Vendor reporting may lead to continued misrepresentation and reporting of the usage of ARRA funds.

We recommend the School develop internal control procedures to ensure a reasonable number of FTE units. These procedures should specifically document the number of FTE jobs created and retained by ARRA funds. In addition, we recommend the School maintain support for Title I expenditures to ensure possible Subrecipient Vendors are properly reported.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)

Special Tests and Provisions – Presentation of the Schedule of Federal Awards and Data Collection Form – Material Noncompliance and Material Weakness

Finding Number	2011-12
CFDA Title and Number	#84.010 Title I #84.389 ARRA Title I
Federal Award Number / Year	2011
Federal Agency	United States Department of Education
Pass-Through Agency	Ohio Department of Education

OMB Circular No. A-133, Section .300 states that the auditee shall:

- Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity;
- Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs;
- Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs; and
- Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with OMB Circular A-133, Section .310.

OMB Circular No. A-133, Part 3 requires entities to provide identification of ARRA awards on their Federal Schedule and Data Collection Form which are supported by the entity's accounting records.

We noted the School does not maintain accounting records or supporting documentation that identifies any of its Title I Cluster expenditures. Therefore, we were unable to determine if the amounts shown on the School's Schedule of Federal Receipts and Expenditures were accurate.

Failure to properly identify Federal expenditures, provide adequate documentation, establish controls, and comply with grant requirements may result in a loss of Federal assistance.

We recommend the School:

- Segregate their federal funds on their financial records by utilizing the Uniform School Accounting System;
- Ensure proper reporting of federal receipts and expenditures;
- Maintain and provide adequate documentation in support of all federal expenditures and comply with all requirements of the grant agreements; and
- Establish and maintain effective controls over Federal programs.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
(Continued)

Special Tests and Provisions – Separate Accountability of ARRA Title I Funding – Material Noncompliance and Material Weakness

Finding Number	2011-13
CFDA Title and Number	#84.010 Title I #84.389 ARRA Title I
Federal Award Number / Year	2011
Federal Agency	United States Department of Education
Pass-Through Agency	Ohio Department of Education

2 CFR section 176.210 requires recipients and subrecipients of Federal awards to agree to maintain records that identify adequately the source and application of ARRA awards.

During our testing of Title I Cluster expenditures, we noted the School did not maintain any records that showed what disbursements utilized Title I ARRA funds.

The failure to maintain adequate accounting records could result in a loss of accountability over the School's finances, resulting in errors which could go undetected.

We recommend the School maintain proper accounting records for all Title I expenditures.

Special Tests and Provisions – Highly Qualified Teachers and Paraprofessionals – Material Noncompliance and Material Weakness

Finding Number	2011-14
CFDA Title and Number	#84.010 Title I #84.389 ARRA Title I
Federal Award Number / Year	2011
Federal Agency	United States Department of Education
Pass-Through Agency	Ohio Department of Education

34 CFR Section 200.56 states that beginning after the first day of each school year, an LEA must ensure any teacher who was hired to teach a core academic subject and worked in a program supported by Title I, Part A Federal funds is a highly qualified teacher (HQT). This requirement applies to teachers in Title I targeted assistance programs who teach a core academic subject and are paid with Title I, Part A Federal funds and to all teachers who teach a core academic subject in a Title I school-wide program school. The LEA must ensure that all teachers of core academic subjects, whether or not they work in a program supported with Title I, Part A Federal funds, are highly qualified. "Core academic subjects" relate to English, reading or language arts, mathematics, science, foreign languages, civics and government, economics, arts, history, and geography.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)

FINDING NUMBER 2011-14 (Continued)

Special Tests and Provisions – Highly Qualified Teachers and Paraprofessionals – Material Noncompliance and Material Weakness (Continued)

We noted the School does not maintain accounting records or supporting documentation that identifies any of its Title I Cluster expenditures. Therefore, we were unable to determine which employees were paid with Title I funds, and resulting, whether or not all teachers paid with Title I or Title I ARRA funds were HQT.

Failure to maintain the proper HQT documentation may result in the School charging non-highly qualified teachers to the Title I Cluster.

We recommend the School only employee highly qualified teachers as instructors for Title I, in accordance with the above compliance requirement.

Special Tests and Provisions – Identifying Schools and LEAs Needing Improvement – Material Noncompliance and Material Weakness

Finding Number	2011-15
CFDA Title and Number	#84.010 Title I #84.389 ARRA Title I
Federal Award Number / Year	2011
Federal Agency	United States Department of Education
Pass-Through Agency	Ohio Department of Education

Title I, Sections 1116(a) and (b)(1), (7), and (8) of ESEA states that after a school has been identified for improvement for two school years (subject to the delay provision discussed in the next paragraph), the LEA must identify that school for corrective action if it continues to fail to make adequate yearly progress. The LEA may delay, for a period not to exceed one year.

Title I, Sections 1111(h)(2) and 1116(a)(1)(C) state each LEA that receives Title I, Part A funds must prepare and disseminate to all schools in the LEA—and to all parents of students attending those schools—an annual LEA report card that, among other things, includes the number, names, and percentage of schools identified for school improvement and how long the schools have been so identified.

Although the School was identified as a needing improvement for two previous years, the School failed to identify a corrective action plan and also submit an annual LEA report card, in accordance with the above requirements.

Failure to adhere to these requirements may result in the School not providing an adequate education for its students.

We recommend the School ensure the necessary plans and reports are disseminated in accordance with the above Federal compliance requirements.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
(Continued)

System of Internal Controls for State Fiscal Stabilization Funds – Material Weakness

Finding Number	2011-16
CFDA Title and Number	#84.394 ARRA State Fiscal Stabilization Fund (SFSF)
Federal Award Number / Year	2011
Federal Agency	United States Department of Education
Pass-Through Agency	Ohio Department of Education

Management and the Board are charged with the responsibility of developing and maintaining a system of internal controls over purchasing, revenue, reporting, and payroll transactions. The system of internal controls of the School should detect errors and irregularities in a timely manner, and ensure all financial transactions were properly authorized, reported and supported with documentation.

During our testing of State Fiscal Stabilization Fund (SFSF) Federal expenditures, we noted the following internal control weaknesses:

- The School's accounting records did not show any detail or support for any purchases made with SFSF funds;
- Controls do not exist in determining disbursements are an allowable/unallowable cost. There was also no evidence of approvals or signatures for specific SFSF expenditures;
- SFSF funds received are not spent in a timely manner (i.e, within 30 days). Controls do not exist to assure cash management requirements are met and funds are disbursed in a timely manner; and
- No controls exist, such as approvals or signatures, verifying School personnel recognized funds were spent in the period of availability.

The above weaknesses and lack of record keeping greatly increases the possibility for unauthorized expenditures and abuse related to all transactions made with SFSF funds. These weaknesses significantly reduce management's ability to effectively monitor these transactions and make appropriate operating decisions.

We recommend the School establish the necessary policies and procedures in order to meet the requirements set forth by the OMB A-133 compliance supplement.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
(Continued)

Cash Management – Material Noncompliance and Material Weakness

Finding Number	2011-17
CFDA Title and Number	#84.394 ARRA State Fiscal Stabilization Fund (SFSF)
Federal Award Number / Year	2011
Federal Agency	United States Department of Education
Pass-Through Agency	Ohio Department of Education

Procedures for minimizing the time elapsing between the transfer of funds from the US Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. – 34 CFR 80.20 (b)(7) which states in part: “When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements.” State Fiscal Stabilization Fund (SFSF) program funds were advanced to Community Schools through the foundation program. Foundation payments are automatically sent to Community Schools on a monthly basis. Community Schools must have an internal control system in place for ensure advance SFSF payments are spent timely (i.e., within 30 days).

During our testing of disbursements of SFSF payments, we noted four of twelve receipts tested were not disbursed in a timely manner (i.e., 30 days). Failure to disburse these funds timely may result in unauthorized usage for expenditures made after the deadline for expending SFSF monies.

We recommend the School implement procedures to minimize the time between the receipt of federal funds and the disbursements of funds for program purposes.

Procurement and Suspension and Debarment – Material Noncompliance and Material Weakness

Finding Number	2011-18
CFDA Title and Number	#84.394 ARRA State Fiscal Stabilization Fund (SFSF)
Federal Award Number / Year	2011
Federal Agency	United States Department of Education
Pass-Through Agency	Ohio Department of Education

2 CFR part 180 states Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. “Covered transactions” include those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed $25,000 or meet certain other specified criteria.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)

FINDING NUMBER 2011-18 (Continued)

Procurement and Suspension and Debarment – Material Noncompliance and Material Weakness (Continued)

2 CFR section 180.300 states when a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity.

During our testing of Procurement/Suspension and Debarment requirements, we noted the School does not perform a verification check by searching the EPLS prior to disbursing SFSF funds. Also, controls do not exist in assuring the Procurement and Suspension and Debarment requirements are met. Failure to comply with the requirements could result in funds being disbursed to a suspended, debarred, or excluded entity, which could lead to loss of federal funds.

We recommend the School take necessary action to comply with the above requirements. Also, we recommend controls over Suspension and Debarment be implemented and enforced in order to monitor compliance.

ARRA Section 1512 Reporting – Material Noncompliance and Material Weakness

Finding Number	2011-19
CFDA Title and Number	#84.394 ARRA State Fiscal Stabilization Fund (SFSF)
Federal Award Number / Year	2011
Federal Agency	United States Department of Education
Pass-Through Agency	Ohio Department of Education

ARRA Section 1512 requires prime recipients "to report an estimate of jobs directly created or retained by project and activity or contract. Recipients will be required to report an aggregate number for the cumulative jobs created or retained for the quarter in a separate numeric field." Further, it states "the estimate of the number of jobs required by the Recovery Act should be expressed as "full-time equivalents" (FTE), which is calculated as total hours worked in jobs created or retained divided by the number of hours in a full-time schedule, as defined by the recipient. The FTE estimates must be reported cumulatively each calendar quarter."

In addition, quarterly, prime recipients are required to submit all vendors which received a single payment greater than $25,000 during the reporting period to ODE on the 1512 ARRA Subrecipient Vendor Report.

As a subrecipient of the Ohio Department of Education (ODE), the School is required to submit the above information to ODE for all applicable federal programs. In addition, the School should have sufficient internal control procedures in place to reasonably report the ARRA 1512 FTE and Subrecipient Vendor Report to ODE.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)

FINDING NUMBER 2011-19 (Continued)

ARRA Section 1512 Reporting – Material Noncompliance and Material Weakness (Continued)

During our examination of ODE's ARRA 1512 requirements for the School, we noted no control procedures in place for FTE and Subrecipient Vendor reporting for SFSF. The school did not accurately report FTE and Subrecipient Vendor amounts to ODE for SFSF programs.

A lack of control procedures and underlying records to support FTE amounts reported may lead to continued misrepresentation and reporting of the usage of ARRA funds.

We recommend the School develop internal control procedures to ensure a reasonable number of FTE units and Subrecipient Vendors be reported to ODE each quarter for all State Fiscal Stabilization Fund ARRA funds reported. These procedures should specifically document the number of jobs created/retained by ARRA funds so the School continues to accurately report FTE in accordance with the above ARRA section. Procedures should also document vendors that received a single payment greater than $25,000 to accurately report Subrecipient Vendors.

Special Tests and Provisions – Separate Accountability – Material Noncompliance and Material Weakness

Finding Number	2011-20
CFDA Title and Number	#84.394 ARRA State Fiscal Stabilization Fund (SFSF)
Federal Award Number / Year	2011
Federal Agency	United States Department of Education
Pass-Through Agency	Ohio Department of Education

The financial management system must permit the preparation of required reports and tracing of funds adequate to establish that funds were used for authorized purposes and allowable costs.

As provided in 2 CFR section 176.210, Federal agencies require recipients to (1) agree to maintain records that identify adequately the source and application of ARRA awards; (2) separately identify and document at the time of the disbursement of funds, the Federal award number, CFDA number, and the amount of ARRA funds; and (3) provide identification of ARRA awards in their Schedule of Expenditures of Federal Awards (SEFA) and Data Collection Form (SF-SAC). Additional information, including presentation requirements for the SEFA and SF-SAC, is provided in Appendix VII of the OMB Compliance Supplement.

During our testing of the SFSF Federal program, which included reviewing the posting of ARRA funds, it was noted that ARRA monies were posted to the same account as non-ARRA monies in the School's accounting records without any indication of what was ARRA and what was not. The School used SFSF funds for lease payments and we were unable to identify which payments were from SFSF (ARRA) funds and which payments were from state funding. We also determined controls did not exist to assure funds were separately accounted.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)

FINDING NUMBER 2011-20 (Continued)

Special Tests and Provisions – Separate Accountability – Material Noncompliance and Material Weakness (Continued)

The failure to maintain adequate accounting records could result in a loss of accountability over the School's finances, resulting in errors which could go undetected.

We recommend the School clearly differentiate its SFSF disbursements, and specifically, which lease payments were made with ARRA and which were made with non-ARRA funding.

Officials' Response: The School declined to respond to these findings in this Schedule, but provided a Corrective Action Plan for findings 2011-05 through 2011-20.

CLEVELAND COMMUNITY SCHOOL
CUYAHOGA COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2011

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***
2010-01	Condition of Accounting Records	No	Re-Issued as Finding 2011-01
2010-02	Undocumented Enrollment for State Foundation Funding	Yes	
2010-03	Developing and Implementing an Effective Monitoring Control System	No	Re-Issued as Finding 2011-02
2010-04	Governing Board Membership and Record of Minutes	No	Re-Issued as Finding 2011-03

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CLEVELAND COMMUNITY SCHOOL
CUYAHOGA COUNTY

CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
JUNE 30, 2011

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2011-05	1) TITLE I funds will be dispersed by the school treasurer after invoices for approved TITLE I expenditures have been received by the school administrator with a signature and description of the fund the expenditure will be charged to.	END OF FY13	CANDACE WILLIAMS
	2) Accounting reports will indicate a line item expense detailing the amount of the purchase, the fund the purchase is charged to, and supporting documentation of the purchase will be maintained with the corresponding check copy or stub used to make payment for the expense	END OF FY13	CANDACE WILLIAMS
	3) The CCIP consultant will confirm TITLE I expenditures are approved purchases with the federal grants consultant. The CCIP consultant will then inform the school administrator of approved expenditures. The CCIP consultant and school administrator will create a budget for the school treasurer's review indicating the budget and intended purchases.	END OF FY13	CANDACE WILLIAMS
	4) TITLE I funds received will be dispersed within 60 days of receipt.	END OF FY13	CANDACE WILLIAMS
	5) The school will verify the school's TITLE I eligibility at the beginning of each fiscal year based upon the school's free and reduced lunch enrollment.	END OF FY13	CANDACE WILLIAMS
	6) The school's Governing Authority will develop and approve a capital assets policy and inventory log for all equipment purchased with TITLE I funds prior to the close of FY12.	END OF FY13	CANDACE WILLIAMS
	7) The school will budget all TITLE I funds in accordance with appropriate use of funds, review the use of funds every 30 days, maintain records of funds expended, maintain accurate accounting records of funds used and review federal obligation and expenditure dates to ensure maintenance of effort is met.	END OF FY13	CANDACE WILLIAMS
	8) The school will maintain all invoices and check copies or stubs as evidence funds were dispensed within the period of availability.	END OF FY13	CANDACE WILLIAMS

CLEVELAND COMMUNITY SCHOOL
CUYAHOGA COUNTY

CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
JUNE 30, 2011
(Continued)

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2011-05	9) The Governing Authority will develop and approve policies to address procurement, suspension, and debarment prior to the close of FY13. 10) The Governing Authority will develop and approve a policy that includes a system of controls for ARRA section 1512 reporting. 11) The school administrator will provide the school treasurer a copy of contracts for TITLE I personnel along with the necessary licenses/certificates, as necessary, for core subject teachers as evidence of HQT.	END OF FY13 END OF FY13 END OF FY13	CANDACE WILLIAMS CANDACE WILLIAMS CANDACE WILLIAMS
2011-06	1) SAME AS 2011-05	END OF FY13	CANDACE WILLIAMS
2011-07	1) The school will expend federal funds received within 30 days beginning FY14.	BEGINNING OF FY14	CANDACE WILLIAMS
2011-08	1) The Governing Authority will develop and approve a policy to meet the requirements of 2 CFR 215.34 and maintain inventory records as evidence of compliance.	END OF FY13	CANDACE WILLIAMS
2011-09	1) The CCIP consultant will review the TITLE I budget with the school administrator. The school administrator and school treasurer will review the TITLE I budget and related expenditures to ensure maintenance of effort is met by the end of each fiscal year. 2) Supporting documentation will be maintained as described in 2011-05.	END OF FY13	CANDACE WILLIAMS
2011-10	1) The school will check the EPLS prior to awarding and entering into contracts that equal or exceed $25,000.00 and maintain accurate accounting records along with supporting documentation such as contracts, check copies or stubs, purchase orders, and invoices.	END OF FY13	CANDACE WILLIAMS

CLEVELAND COMMUNITY SCHOOL
CUYAHOGA COUNTY

CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
JUNE 30, 2011
(Continued)

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2011-11	1) The school administrator and school treasurer will develop internal control procedures to ensure a reasonable number of FTE units, document the jobs created and retained, and maintain records such as job descriptions, timesheets or contracts, and payroll reports as evidence of appropriate expenditures.	END OF FY13	CANDACE WILLIAMS
2011-12	1) The school administrator and school treasurer will develop procedures to comply with OMB Circular No. A-133 Section .300 and maintain accounting records and supporting documentation that identifies TITLE I expenditures. 2) The school treasurer will utilize the USAS system.	END OF FY13 Beginning FY14	CANDACE WILLIAMS CANDACE WILLIAMS
2011-13	1) SAME AS 2011-12	END OF FY13	CANDACE WILLIAMS
2011-14	1) All personnel paid with TITLE I funds and teaching core subjects will have HQT status and licenses/certifications will be maintained as supporting documentation.	END OF FY13	CANDACE WILLIAMS
2011-15	1) The school will comply with TITLE I Sections 1116(a) and (b) 1, 7, and 8 of ESEA creating and disseminating the necessary reports.	FY13	CANDACE WILLIAMS
2011-16	1) The school administrator and school treasurer will establish internal control procedures for the receipt and disbursement of SFSF funds. 2) Disbursement of SFSF funds will occur within 30 days.	END OF FY13 END OF FY13	CANDACE WILLIAMS
2011-17	1) SAME AS 2011-16	END OF FY13	CANDACE WILLIAMS
2011-18	1) SAME AS 2011-10	END OF FY13	CANDACE WILLIAMS

CLEVELAND COMMUNITY SCHOOL
CUYAHOGA COUNTY

CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
JUNE 30, 2011
(Continued)

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2011-19	1) SAME AS 2011-05 AND 2011-11	END OF FY13	CANDACE WILLIAMS
2011-20	1) SAME AS 2011-05, 2011-11 AND 2011-16	END OF FY13	CANDACE WILLIAMS

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Cleveland Community School
Cuyahoga County
1701 East 12th Street
Cleveland, Ohio 44114

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 procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Cleveland Community School (the School) has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the School did not amend its anti-harassment policy to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

   Ohio Rev. Code Section 3313.666 required the School to amend its definition by September 28, 2010.

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 School's 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

March 22, 2013

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Dave Yost • Auditor of State

CLEVELAND COMMUNITY SCHOOL

CLEVELAND 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 4, 2013

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