THEODORE ROOSEVELT PUBLIC COMMUNITY SCHOOL
HAMILTON COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2012

Dave Yost • Auditor of State

THEODORE ROOSEVELT PUBLIC COMMUNITY SCHOOL
HAMILTON COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

Theodore Roosevelt Public Community School
Hamilton County
1550 Tremont St.
Cincinnati, OH 45214-1432

To the Board of Directors:

We have audited the accompanying basic financial statements of the Theodore Roosevelt Public Community School, Hamilton County, Ohio (the School), as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the Center's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Theodore Roosevelt Public Community School, Hamilton County, Ohio, as of June 30, 2012, and the changes in financial position and cash flows thereof 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 May 1, 2013, on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the School's basic financial statements taken as a whole. The federal awards receipts and expenditures schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The federal awards receipts and expenditures 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. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Dave Yost
Auditor of State
Columbus, Ohio

May 1, 2013

As management of the Theodore Roosevelt Public Community School (the School), we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the School's financial performance as a whole. Readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School's financial performance.

Financial Highlights

Key financial highlights for the School are as follows:

- Total net assets of the School increased $460,740 in fiscal year 2012. Ending net assets of the School were $679,211, compared to $218,471 at June 30, 2011.

- Total assets increased $476,002 and total liabilities increased by $15,262 from the prior fiscal year-end.

- The School's operating loss for fiscal year 2012 was $192,226 compared with an operating loss of $532,170 reported for the prior year.

Using this Annual Financial Report

This financial report contains the basic financial statements of the School, as well as the Management's Discussion and Analysis and notes to the basic financial statements. The basic financial statements include a statement of net assets, statement of revenues, expenses and changes in net assets, and a statement of cash flows. As the School reports its operations using enterprise fund accounting, all financial transactions and accounts are reported as one activity, therefore the entity wide and the fund presentation information is the same.

Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets

The statement of net assets and the statement of revenues, expenses and changes in net assets answer the question, "How did we do financially during the fiscal year?" The statement of net assets includes all assets and liabilities, both financial and capital, and short-term and long-term, using the accrual basis of accounting and the economic resources measurement 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.

This statement reports the School's net assets; however, in evaluating the overall position and financial viability of the School, non-financial information such as the condition of the School's property and potential changes in the laws governing charter schools in the State of Ohio will also need to be evaluated.

The statement of revenues, expenses and changes in net assets reports the changes in net assets. This change in net assets is important because it tells the reader that, for the School as a whole, the financial position of the School has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

Financial Analysis

Table 1 provides a summary of the School's net assets for fiscal year 2012 compared to those reported for fiscal year 2011.

Table 1
Net Assets at Year End

	2012	2011
Assets:		
Current and Other Assets	$ 729,632	$ 241,713
Capital Assets, Net	388,087	400,004
Total Assets	1,117,719	641,717
Liabilities:		
Current Liabilities	270,508	219,546
Noncurrent Liabilities	168,000	203,700
Total Liabilities	438,508	423,246
Net Assets:		
Invested in Capital Assets, Net of Related Debt	167,287	126,404
Restricted	174,891	1,054
Unrestricted	337,033	91,013
Total Net Assets	$ 679,211	$ 218,471

Current assets increased by $487,919 from current assets reported for fiscal year 2011. The key components of this increase are an increase in cash and cash equivalents as a result of improved cash flows and an increase in the amount of federal funds that are receivable from the Ohio Department of Education as year end.

The total net assets reported for fiscal year 2012 increased by $460,740. The information on the following page demonstrates the details of the increase.

Financial Analysis

Table 2 shows the change in net assets for the fiscal year ended June 30, 2012 compared to those reported for fiscal year 2011.

Table 2
Changes in Net Assets

	2012	2011
Operating Revenues:		
Foundation Revenues	$ 1,853,884	$ 1,203,548
Total Operating Revenues	1,853,884	1,203,548
Operating Expenses:		
Salaries and Wages	997,435	756,099
Fringe Benefits	228,141	197,642
Purchased Services	638,828	595,810
Materials and Suppilies	126,645	150,961
Depreciation	30,776	14,445
Other	24,285	20,761
Total Operating Expenses	2,046,110	1,735,718
Operating (Loss)	(192,226)	(532,170)
Nonoperating Revenues (Expenses)		
State Grants	3,792	5,000
Federal Grants	655,122	653,061
Other NonOperating Revenues	1,252	-
Insurance Recoveries	-	96,236
Interest Expense	(7,200)	(3,656)
Total Nonoperating Revenues (Expenses)	652,966	750,641
Change in Net Assets	460,740	218,471
Net Assets, Beginning of Year	218,471	-
Net Assets, End of the Year	$ 679,211	$ 218,471

Total revenue increased $556,205 in fiscal year 2012 compared with the prior fiscal year primarily due to the increases in State Foundation revenue associated with increased student enrollment.

Total expenses reported for fiscal year 2012 were $313,936 more than expenses reported for fiscal year 2011 primarily due to increased spending from the increase in enrollment during fiscal year 2012.

Capital Assets

At the end of fiscal year 2012, the School had $388,087 invested in building and furniture and equipment, a decrease of $11,917 in comparison with the prior fiscal year. This decrease represents the amount by which current year depreciation, totaling $30,776, exceeded current year additions, totaling $18,859. See Note 5 of the basic financial statements for additional details.

Debt

The School received and repaid a loan of $1,700 during the fiscal year. For more information on this loan, see Note 13 to the basic financial statements.

In addition, the School entered into a Property Lease-To-Purchase Agreement (Agreement) for land and a school building. This Agreement qualified as a capital lease transaction. At fiscal year end, the outstanding capital lease payable was $220,800. For more information on this capital lease, see Note 14 to the basic financial statements.

Current Financial Issues

The School depends on legislative and governmental support to fund its operations. Based on information currently available, several changes are expected to occur in the nature of the funding or operations of the School in future fiscal years due to the State's current economic environment. The School is expected to continue building fiscal health with the acquisition of the building and sustaining the current level of student enrollment.

Contacting the School

This financial report is designed to provide a general overview of the finances of the Theodore Roosevelt Public Community School and to show the School's accountability for the monies it receives to all vested and interested parties, as well as meeting the annual reporting requirements of the State of Ohio. Any questions about the information contained within this report or requests for additional financial information should be directed to the Treasurer of Theodore Roosevelt Public Community School, 1550 Tremont Avenue, Cincinnati, Ohio 45214.

THEODORE ROOSEVELT PUBLIC COMMUNITY SCHOOL
HAMILTON COUNTY

STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012

Assets:		
Current Assets		
Cash and Cash Equivalents	$	496,184
Intergovernmental Receivables		233,448
Total Current Assets		729,632
Noncurrent Assets		
Capital Assets, Net of Accumulated Depreciation		388,087
Total Noncurrent Assets		388,087
Total Assets		1,117,719
Liabilities:		
Current Liabilities		
Accounts Payable		56,190
Accrued Wages and Benfits Payable		126,885
Intergovernmental Payable		34,578
Unearned Revenue		55
Capital Lease Payable		52,800
Total Current Liabilities		270,508
Noncurrent Liabilities:		
Capital Lease Payable		168,000
Total Noncurrent Liabilities		168,000
Total Liabilities		438,508
Net Assets:		
Invested in Capital Assets, Net of Related Debt		167,287
Restricted		174,891
Unrestricted		337,033
Total Net Assets	$	679,211

See accompanying notes to the basic financial statements.

THEODORE ROOSEVELT PUBLIC COMMUNITY SCHOOL
HAMILTON COUNTY

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Operating Revenues:	
Foundation Payments	$ 1,853,884
Total Operating Revenues	1,853,884
Operating Expenses:	
Salaries & Wages	997,435
Fringe Benefits	228,141
Purchased Services	638,828
Materials and Supplies	126,645
Depreciation	30,776
Other Operating Expenses	24,285
Total Operating Expenses	2,046,110
Operating (Loss)	(192,226)
Non-Operating Revenues (Expenses):	
State Grant Revenue	3,792
Federal Grant Revenue	655,122
Other Revenue	1,252
Interest Expense	(7,200)
Total Non-Operating Revenues (Expenses)	652,966
Change in Net Assets	460,740
Net Assets Beginning of Year	218,471
Net Assets End of Year	$ 679,211

See accompanying notes to the basic financial statements.

THEODORE ROOSEVELT PUBLIC COMMUNITY SCHOOL
HAMILTON COUNTY

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Cash Flows from Operating Activities:		
Cash Received from State of Ohio	$	1,853,884
Cash Payments to Employees for Services and Benefits		(1,192,397)
Cash Payments to Suppliers for Goods and Services		(730,590)
Cash Payments for Other Operating Costs		(17,104)
Net Cash Used for Operating Activities		(86,207)
Cash Flows from Noncapital Financing Activities:		
Cash Received from State and Federal Grants		487,769
Cash Received from Loan Proceeds		1,700
Cash Payments for Principal on Loan and Capital Leases		(1,700)
Cash Received from Donations and Contributions		1,252
Net Cash from Noncapital Financing Activities		489,021
Cash Flows from Capital and Related Financing Activities:		
Payments for Capital Acquisitions		(18,859)
Cash Payments for Principal on Loan and Capital Leases		(52,800)
Cash Payments for Interest on Loan and Capital Leases		(7,200)
Net Cash Used for Capital and Related Financing Activities		(78,859)
Net Increase (Decrease) in Cash and Cash Equivalents		323,955
Cash and Cash Equivalents at Beginning of Year		172,229
Cash and Cash Equivalents at End of Year	$	496,184
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:		
Operating (Loss)	$	(192,226)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used for Operating Activities:		
Depreciation		30,776
Changes in Assets and Liabilities:		
Accounts Receivable		7,181
Accounts Payable		38,022
Accrued Wages Payable		26,351
Intergovernmental Payable		3,689
Net Cash Used for Operating Activities	$	(86,207)

See accompanying notes to the basic financial statements.

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1. Description of the School and Reporting Entity:

Theodore Roosevelt Public Community School (the School), is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702 to address the needs of students in kindergarten through twelfth grade. The School, which is part of the State's education program, is independent of any school district and is non sectarian in its programs, admission policies, employment practices, and all other operations. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School.

The School had one fiscal service provider during the 2012 fiscal year, Mangen & Associates School Resource Center. Douglas Mangen served as the Certified Treasurer during the entire 2012 fiscal period. The Richland Academy was the School's sponsor in fiscal year 2012. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

The School operates under the direction of the Board of Trustees (the Board). The Board is responsible for carrying out the provisions of the contract, which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Board controls the School's instructional/support facility staffed by 27 non-certified and 33 certificated full time teaching personnel who provide services to 260 students.

The School entered into a service agreement with Mangen & Associates to provide certain financial and accounting services, including performing all duties required of the Treasurer of the School. See Note 10.

2. Summary of Significant Accounting Policies:

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

A. Basis of Presentation

Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

2. Summary of Significant Accounting Policies (Continued):

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the statement of net assets. The difference between total assets and liabilities are defined as net assets. The statement of revenues, expenses and changes in fund net assets present increases (i.e., revenues) and decreases (i.e., 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 relates to the timing of the measurements made.

The accrual basis of accounting is utilized 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 Rev. Code Section 5705, unless specifically provided in the Schools contract with its Sponsor. The contract between the School and its Sponsor does prescribe an annual budget requirement in addition to preparing a five-year forecast which is to be updated on an annual basis.

D. Cash and Cash Equivalents

All monies received by the School are maintained in a demand deposit account. For internal accounting purposes, the School segregates its cash into separate funds.

E. Capital Assets

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The School does not possess any infrastructure. The School maintains a capitalization threshold of $500. Improvements are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

Description	Estimate Life
Buildings	50 years
Furniture, Fixtures, and Equipment	5 years

2. Summary of Significant Accounting Policies (Continued):

F. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

G. Intergovernmental Revenues

The School is a participant in the State Foundation Program. The foundation funding is recognized as operating revenues in the accounting period in which they are earned, essentially the same as the fiscal year received. Federal and state grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements of the grants have been met.

H. Operating and Non-Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly by the School's primary mission. For the School, operating revenues include revenues paid through the State Foundation Program. Operating expenses are necessary costs incurred to support the School's primary mission, including salaries, benefits, purchased services, materials and supplies, depreciation, and other.

Non-operating revenues and expenses are those that are not generated directly by the School's primary mission. Various federal and state grants, interest earnings and expense, if any, insurance recoveries, and contributions comprise the non-operating revenues and expenses of the School.

I. Accrued Liabilities Payable

The School has recognized certain liabilities on its statement of net assets relating to expenses, which are due but unpaid as of fiscal year-end, including:

Wages payable - salary payments made after year-end to instructional and support staff for services rendered prior to the end of June, but whose payroll continues into the summer months based on the fiscal year 2012 contract.

Accounts payable - payments due for services or goods that were rendered or received during fiscal year 2012.

Intergovernmental payable - payments made after year-end for the Schools' share of retirement contributions, Medicare and Workers' Compensation associated with services rendered during the fiscal year.

2. Summary of Significant Accounting Policies (Continued):

J. Unearned Revenue

If the School receives restricted funds that were not spent by the end of the fiscal year, the amount received is classified as unearned revenue and is carried over to the next fiscal year and repaid if not spent.

K. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, less any outstanding capital related debt. Net assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The School applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

L. Economic Dependency

The School receives nearly 100% of its operating revenue from the Ohio Department of Education. Due to the significance of this revenue source, the School is considered to be economically dependent on the State of Ohio Department of Education.

3. Deposits and Investments:

At June 30, 2012, the carrying amount of the School's deposits was $496,184 and the bank balance was $514,250. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2012, the School's bank balance was not exposed to risk as it was covered by the Federal Deposit Insurance Corporation.

4. Intergovernmental Receivables:

All intergovernmental receivables are considered collectible in full due to the stable condition of State programs. A summary of the principal items of receivables at June 30, 2012 is as follows:

Federal Source	**Amount**
Education Jobs	$ 1,409
Title I	32,936
Public Community School Startup Program	179,107
National School Lunch/Breakfast	19,996
	$ 233,448

5. Capital Assets:

Capital asset activity for the fiscal year ended June 30, 2012 was as follows:

Capital Assets:	**Beginning Balance**	**Additions**	**Deletions**	**Ending Balance**
Buildings	$ 300,000	$ -	$ -	$ 300,000
Furniture and Equipment	114,449	18,859	-	133,308
Total Capital Assets	414,449	18,859	-	433,308
Less Accumulated Depreciation:				
Buildings	(3,000)	(6,000)	-	(9,000)
Furniture and Equipment	(11,445)	(24,776)	-	(36,221)
Total Accumulated Depreciation	(14,445)	(30,776)	-	(45,221)
Net Capital Assets	$ 400,004	$ (11,917)	$ -	$ 388,087

6. Risk Management:

A. Property and Liability

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. For the year ended June 30, 2012, the School contracted with Netherlands Insurance Company for its insurance coverage as follows:

Real and Personal Property (deductible $1,000)	$3,440,000
General Liability (aggregate)	$2,000,000
General Liability (per occurrence)	$1,000,000
Employers Liability (per occurrence)	$1,000,000

There was no significant reduction in coverage during the year. Settlement amounts did not exceed coverage amounts during the fiscal year.

B. Workers' Compensation

The School 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 determined by the State.

C. Employee insurance Benefits

The School utilizes Superior Dental and Anthem Blue Cross Blue Shield to provides dental, health, life, accidental death and dismemberment insurance benefits to School employees.

7. Defined Benefit Pension Plans:

A. School Employees Retirement System

Plan Description - The School contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability, and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. The School Employees Retirement System issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained on SERS' website at www.ohsers.org under Employer/Audit Resources.

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the School is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2012, the allocation to pension and death benefits is 12.70%. The remaining 1.30% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The School's contributions for pension obligations to SERS for the fiscal years ended June 30, 2012 and 2011 were $38,703 and $21,254 respectively. The entire amount has been contributed for fiscal year 2011. For fiscal year 2012, the School has contributed 75% of the required amount. The unpaid contribution has been recorded as a liability.

B. State Teachers Retirement System

Plan Description - The School contributes to the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling toll-free 1-888-227-7877 or by visiting the STRS Ohio Web site at www.strsoh.org.

Plan Options – New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC plan allows members to allocate all their member contributions and employer contributions equal to 10.5% of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

7. Defined Benefit Pension Plans (Continued):

DB Plan Benefits – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit", the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31PPPstPPP year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the "money-purchase benefit" calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. 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. Employer contributions into members' accounts are vested after the first anniversary of the first day of paid service. 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.

Combined Plan Benefits – Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying 1% of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3% of the original base amount for DB Plan participants.

7. Defined Benefit Pension Plans (Continued):

The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

A DB or Combined Plan member with five or more years' credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of members who die before retirement may qualify for survivor benefits. A death benefit of $1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to $2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2012, were 10% of covered payroll for members and 14% for employers.

The School's required contributions for pension obligations for the fiscal year ended June 30, 2012 and 2011 were $89,605 and $74,897 respectively. The entire amount has been contributed for fiscal year 2011. For fiscal year 2012, the School has contributed 69% of the required amount. The unpaid contribution has been recorded as a liability.

8. Post-employment Benefits:

A. School Employees Retirement System

Postemployment Benefits – In addition to a cost-sharing multiple-employer defined benefit pension plan the School Employees Retirement System of Ohio (SERS) administers two cost-sharing, multiple employer postemployment benefit plans.

Medicare Part B Plan – The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit 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 B premium or the current premium. The Medicare Part B monthly premium for calendar year 2012 was $99.00 for most participants, but could be as high as $319.70 per month depending on their income. SERS' reimbursement to retirees was $45.50.

8. Post-employment Benefits (Continued):

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 year 2012, the actuarially required allocation is .75%. The School's required contribution for the year ended June 30, 2012 and 2011 were $2,286 and $1,368 respectively. The entire amount has been contributed for fiscal year 2011. For fiscal year 2012, the School has contributed 75% of the required amount. The unpaid contribution has been recorded as a liability.

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 HMOs, PPOs, 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. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. For the year ended June 30, 2012, the health care allocation is .55%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. State law provides that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2012, the minimum compensation level was established at $35,800. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School's required contributions assigned to health care, including the surcharge, for the year ended June 30, 2012 and 2011, were $7,497 and $5,723 respectively. The entire amount has been contributed for fiscal year 2011. For fiscal year 2012, the School has contributed 75% of the required amount. The unpaid contribution has been recorded as a liability.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, 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 SERS' website at www.ohsers.org under Employers/Audit Resources.

8. Post-employment Benefits (Continued):

B. State Teachers Retirement System

Plan Description - The School contributes to the cost-sharing, multiple employer postemployment benefit Health Plan (the "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 writing 275 E. Broad St., Columbus, OH 43215-3371, by calling 1-888-227-7877, or by visiting the STRS Ohio web site at www.strsoh.org.

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% of covered payroll to post-employment health care. The School's required contributions for health care for the fiscal year ended June 30, 2012 and 2011 were $6,893 and $5,761 respectively. The entire amount has been contributed for fiscal year 2011. For fiscal year 2012, the School has contributed 69% of the required amount. The unpaid contribution has been recorded as a liability.

9. Contingencies:

A. Grants and Student Attendance Data Review

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

The School received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the School at June 30, 2012, if applicable, cannot be determined at this time. However, in the opinion of the School, any such disallowed claims will not have a material adverse effect on the financial position of the School at fiscal year-end.

9. Contingencies (Continued):

B. State Funding

The Ohio Department of Education conducts reviews of enrollment data and FTE calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. The review of fiscal year 2012 has been performed. The School does not believe any adjustments will be material to the financial statements.

C. Litigation

The School is currently involved in pending litigation involving the Lease-To-Purchase Agreement described Note 14. Management expects the litigation to be resolved during fiscal year 2013.

10. Contracted Fiscal Services:

The School is a party to a fiscal services agreement with Mangen & Associates (M&A) School Resource Center, which is an education finance consulting company. The Agreement may be terminated by either party, with or without cause, by giving the other party ninety days written notice to terminate. The Agreement provides that M&A will perform the following services:

1. Financial Management Services
2. Treasurer Services
3. Payroll / Payables Services
4. CCIP Budget / Federal Programs Monitoring
5. EMIS / DASL / SOES Services

The total fee paid for these services during fiscal year 2012 was $100,573.

11. Purchased Services:

During the fiscal year ended June 30, 2012, purchased service expenses for services rendered by various vendors were as follows:

Management Services	$	95,592
Data Processing Services		7,161
Professional and Technical Services		243,964
Garbage Removal and Cleaning		1,785
Rentals		7,685
Property Services		3,998
Meeting Expenses		1,771
Utilities		61,692
Contracted Food Services		215,155
Total	$	638,803

12. Related Party Transactions:

The School entered into a Property Lease-To-Purchase Agreement (Agreement) with Roger and Deborah Conners for land and a school building (See Note 14). Deborah is the mother of Roger Conners, the Schools' Superintendent.

13. Short-Term Debt/Related Party Transaction – Mangen:

During the fiscal year, the School entered into three short term loan for operations with Mangen & Associates, the School's Treasurer, totaling $1,700. The loans had an interest rate of 0%. The loans were repaid during the fiscal year.

14. Capital Lease Payable:

The School entered into a Property Lease-To-Purchase Agreement (Agreement) for land and a school building. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases", which defines a capital lease generally as one which transfers benefit and risk of ownership to the lessee. This capital lease has been recorded in accordance with the terms outlined in the Agreement. The land and building have been recorded at the estimated fair market value on the date of inception of the Agreement. At fiscal year end, the Building had a book value of $291,000 ($9,000 accumulated depreciation) and the outstanding capital lease payable was $220,800. During the fiscal year, the School paid $60,000 in principal and interest.

14. Capital Lease Payable (Continued):

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011 were as follows:

Fiscal Year		Payments
2013	$	60,000
2014		60,000
205		60,000
2016		60,000
2017		60,000
2018-2021		210,000
Total minimum lease payments	$	510,000
Less: Amount representing interest		(289,200)
Present value of minimum lease payments	$	220,800

The Agreement has a lease term of ten years. The Agreement contains a provision that payments beginning January 2016, through the end of the lease will escalate annually with the annual percentage increase in CPI-U (all urban consumers). The Agreement also includes a provision that the School shall have the option to purchase the land and school building at any time according to certain terms. The purchase option also outlines credits granted toward the purchase for lease payments of the School. The School Board is taking action to initiate the purchase of the building based upon the terms of the lease-purchase agreement.

Ohio Revised Code Section 3313.375 requires lease-purchase agreements to provide for a lease with a series of one-year renewable lease terms. However, the Agreement does not include this requirement.

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Theodore Roosevelt Community School
HAMILTON COUNTY

FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2012

FEDERAL GRANTOR ***Pass Through Grantor*** Program Title	Federal CFDA Number	Receipts	Disbursements
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Ohio Department of Education			
Child Nutrition Cluster:			
National School Breakfast	10.553	$54,581	$54,581
National School Lunch	10.555	137,667	137,667
Total Child Nutrition Cluster		192,248	192,248
Total U.S. Department of Agriculture		**192,248**	**192,248**
U.S. DEPARTMENT OF EDUCATION			
Passed Through Ohio Department of Education			
Special Education Cluster:			
IDEA Part B	84.027	24,913	24,913
Total Special Education Cluster		24,913	24,913
Education Jobs	84.41	52,860	52,860
Title I Cluster:			
Title I, Consolidated	84.010	212,094	212,094
Total Title I Cluster		**212,094**	**212,094**
Safe & Drug Free Schools	84.186	10,000	10000
Charter School Program (PCSP)	84.287	13,870	13,870
Improving Teacher Quality - Title II-A	84.367	2,067	2,067
Total U.S. Department of Education		**315,804**	**315,804**
Total		**$508,052**	**$508,052**

The accompanying notes are an integral part of this schedule.

THEODORE ROOSEVELT COMMUNITY SCHOOL
HAMILTON COUNTY

NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2012

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Theodore Roosevelt Public School (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 Center assumes it expends federal monies first.

NOTE C - CHILD NUTRITION CLUSTER

The School returned funding to the Ohio Department of Education for prior year nutrition cluster expenditures that were disallowed during a review by the Ohio Department of Education.

Dave Yost • Auditor of State

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

Theodore Roosevelt Public Community School
Hamilton County
1550 Tremont Street
Cincinnati, Ohio 45214

To the Board of Education:

We have audited the basic financial statements of Theodore Roosevelt Public Community School, Hamilton County, Ohio (the School), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 1, 2013. 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 District'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 District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2012-001.

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

We also noted certain matters not requiring inclusion in this report that we reported to the School's management in a separate letter dated May 1, 2013.

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

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

Dave Yost
Auditor of State
Columbus, Ohio

May 1, 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

Theodore Roosevelt Public Community School
Hamilton County
1550 Tremont Street
Cincinnati, Ohio 45214

To the Board of Education:

Compliance

We have audited the compliance of Theodore Roosevelt Public Community School, Hamilton County, Ohio (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 the School's major federal programs for the year ended, June 30, 2012. The *summary of auditor's results* section of the accompanying schedule of findings 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.

Except as discussed in the following paragraph, we conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 Finding 2012-002 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient documentation supporting the School's compliance with the requirements of the Title I Cluster regarding eligibility and level of service requirements, nor were we able to satisfy ourselves as to the School's compliance with these requirements by other auditing procedures.

In our opinion, except for the effects of this noncompliance, if any, as we might have determined had we been able to examine sufficient evidence regarding the School's compliance with the Title I Cluster's eligibility and level of effort compliance requirements, the School complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2012.

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.

Internal Control Over Compliance

The School's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining 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.

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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies, described in the accompanying schedule of findings and questioned costs as items 2012-002 and 003. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a federal program compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

We also noted a matter involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the School's management in a separate letter dated May 1, 2013.

We intend this report solely for the information and use of the audit committee, management, the Board of Education, the Community 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
Columbus, Ohio

May 1, 2013

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THEODORE ROOSEVELT PUBLIC COMMUNITY SCHOOL
HAMILTON COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FISCAL YEAR END JUNE 30, 2012

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unqualified
(d)(1)(ii)	**Were there any material control weaknesses reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	Yes
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material internal control weaknesses reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	Yes
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unqualified, except for Title I eligibility and level of effort
(d)(1)(vi)	**Are there any reportable findings under § .510(a)?**	Yes
(d)(1)(vii)	**Major Programs (list):**	CFDA 84.010 Title I Cluster CFDA 10.553, 10.555 Nutrition Cluster
(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 2012-001

NONCOMPLIANCE

Ohio Revised Code, Section 3313.375, states, in part, that the board of education of a city, local exempted village, or joint vocational school district or the governing board of an educational service center or community school may enter into a lease-purchase agreement providing for the construction, enlarging, furnishing and equipping; lease; and eventual acquisition of a building or improvements to a building for any school district or educational service center purpose. If a school district, educational service center or community school chooses to enter into a lease purchase agreement pursuant to Ohio Rev. Code Section 3313.375, the agreement must provide for a lease with a series of one-year renewable lease terms totaling not more than thirty years. Furthermore, the agreement must state that at the end of the series of lease terms; the title to the leased property shall be vested in the school district or educational service center, if all obligations of the school district, educational service center, or community school provided for in the agreement have been satisfied. The agreement may, in addition to the rental payments, require the school district, educational service center, or community school to pay the lessor a lump-sum amount as a condition of obtaining title to the leased property.

Prior to the opening of the School, the School entered into a Property Lease-to-Purchase Agreement (the Agreement) with Roger and Deborah Conners for the use of the facilities at 1550 Tremont Avenue, Cincinnati, Ohio 45214 for the School's operations. The term of the lease is set at 10 years with scheduled monthly payments beginning on or before January 1, 2011. The Agreement contains provisions that allow the School to have the option to purchase the premises at any time according to an Option Price and Option Price Credit clause. However, the Agreement's terms do not consist of a series of one year renewable lease terms as required.

The School's Agreement with Roger and Deborah Conners should be amended to consist of a series of one year renewable lease terms as required by the above section of code.

Officials’ Response:

The School has already met the requirements outlined in the Lease-to-Purchase Agreement for the purchase of the property. Therefore, the requirement for a series of one year renewable lease terms is no longer applicable. The School is pursuing legal action to finalize the purchase of the property identified in the Lease-to-Purchase Agreement, 1550 Tremont St. We anticipate the litigation to be resolved before the end of the next audit period.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

FINDING NUMBER 2012-002

Finding Number	2012-002
CFDA Title and Number	CFDA Title I
Federal Award Number / Year	2012
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

NONCOMPLIANCE AND SIGNIFICANT DEFICIENCY
QUESTIONED COST – ELIGIBILITY, LEVEL OF EFFORT

2 C.F.R. Part 225 (formerly known as OMB Circular A-87), 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 (formerly known as OMB Circular A-87), Appendix A, Section C(1)(j) also provides that for a cost to be allowable, the expenditure must be adequately documented.

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.

Section 1115 of ESEA (20 USC 6315) provides that Title I, Part A funds are to be used to provide services and benefits to eligible children residing or enrolled in eligible school attendance areas. Once funds are allocated to eligible school attendance areas, a school operating a targeted assistance program must use Title I funds only for programs that are designed to meet the needs of children identified by the school as failing, or most at risk of failing, to meet the State's challenging student academic achievement standards.

During our engagement to audit the financial records of the School, we were unable to determine if the School complied with the requirements for eligibility and level of effort described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement,* for the Title I major federal program. The School operated a targeted assistance versus a school wide program and thus based upon certain attributes these services were to be offered only to students that met certain eligibility requirements. The School did not provide adequate documentation to enable a review of the compliance for eligibility and level of effort with the Circular.

We received an R-102 report from the School to identify students that were served in the targeted assistance Title I program offered by the School. We selected 6 of the students to test to ensure the School followed the eligibility requirements that had been determined. The School provided the assessments for Title I students, but none of the 6 selected in our sample were among the assessment sheets that were presented. The School then provided additional assessments sheets, but they did not relate to the 6 students selected for testing. These assessment forms did not have criteria noted to determine eligibility, but did note the students were served by the program.

FINDING NUMBER 2012-002
(Continued)

Based on the lack of documentation to perform an audit for the eligibility requirement and the level of effort requirement, we will question all of the costs for this program. Accordingly, a questioned cost is issued in the amount of $212,094, equal to the Federal Awards identified which were received during the year ended June 30, 2012.

We recommend that the School maintain proper records of student eligibility, and proper records of services provided to each student, to ensure that Title I funds were properly used to determine eligibility in compliance with the grant agreement. Maintaining proper documentation will allow the School to show that the level of effort was for services provided as part of the Title I program, proving that the funds were used to supplement, rather than supplant.

Officials' Response:

The School has been granted Title I School-Wide status. The School was and is now serving all students as Title I eligible students.

FINIDING NUMBER 2012-003

Finding Number	2012-003
CFDA Title and Number	CFDA 10.553, 10.555 Nutrition Cluster
Federal Award Number / Year	2012
Federal Agency	Department of Agriculture
Pass-Through Agency	Ohio Department of Education

SIGNIFICANT DEFICIENCY

Direct Certification and Income Eligibility

Page 5 of the Ohio Department of Education October 2011 *Eligibility Manual for School Meals* (the Manual states the following:

> **Direct Certification** means determining children eligible for free meals benefits based on documentation obtained directly from the appropriate State or local agency or other authorized individual. In most situations, direct certification of a child's eligibility status should not involve the household. The communication exchange should be between an appropriate agency and the local educational agency (LEA)/school.
>
> **Direct Certification for Assistance Programs** can be conducted through a computer/electronic match between the Assistance Programs and/or the State or LEA. Direct certification for SNAP households must be conducted using electronic data match process.

Also, page 59 of the Manual states:

> **Mandatory Direct Certification with SNAP:** All LEAs must **directly certify** children who are members of households receiving SNAP benefits.

FINDING NUMBER 2012-003
(Continued)

Pages 19 and 20 of the Manual state:

> To be considered, an application must include the required information which depends on the basis for applying--receipt of certain benefits (categorical eligibility) or household size and income. Any application that is missing required information, that contains inconsistent information, or is unclear is considered an incomplete application and cannot be processed. The LEA should make reasonable efforts to contact the household in order to obtain or clarify required information.

Page 25 of the Manual states:

> Each household must provide the total amount of their current income. Income must be identified with the individual who received it, and the source of the income (wages, Social Security, etc.). Each household member who does not have income must also be identified and must have an indication of zero income on the application. Zero income may be indicated by checking a “no income” box, by writing in “zero” or “no income” or by inserting $0.

Of the 60 students tested, 20 were not directly certified; and of the 20 students that were not directly certified, 11 (55%) had a SNAP number on the application. The School did not directly certify students whose Free and Reduced Applications were returned with SNAP numbers. Also, the applications returned with SNAP numbers had no income information because the applicant is instructed to skip the income information when they provide a SNAP number. The school indicated that they interpreted the lack of income information as indication that the households had no income, and indicated on their records that these 11 students were eligible for the program due to income eligibility. However, the students should have been directly certified. In conclusion, of the 60 students tested, 11 students (18.3%) were documented as Income Eligible for the program when those students should have been resubmitted for Direct Certification.

We recommend that the School follow the procedures in the Manual to directly certify those students for whom applications are returned with a SNAP number. If the School is unable to directly certify those students, the School should contact the household for additional information.

Documentation of Eligibility

Page 61 of the Manual requires the following **Required Documentation for Direct Certification**:

> For direct computer matches which may not include the official’s original signature, sufficient documentation must include correspondence or a written agreement between the Assistance Programs office and the LEA that sets out or confirms the manner in which LEA officials would be provided the children’s TANF or FDPIR status.
>
> The documentation must be retrievable by school to ensure proper delivery of benefits and to allow substantiation of the number of children eligible for free meals or milk.

Also, page 29 of the Manual requires that for approved applications, LEA officials must, in part, indicate approval date and sign or initial the application.

**FINDING NUMBER 2012-003
(Continued)**

The School used a spreadsheet to document eligibility for each student, and the spreadsheet did not indicate either the approval date or the person who approved the eligibility. Of the 60 students tested, 40 students (67%) were classified as directly certified for eligibility, but the School did not indicate both the approval date or documentation (signature or initials) of the person approving the application, and the School did not maintain the required documentation that included correspondence or a written agreement between the Assistance Programs office and the LEA that set out or confirmed the manner in which LEA officials would be provided the children's TANF or FDPIR status. Of the 20 applications for students who were not directly certified, 10 applications (50%) did not have an approving signature.

Lack of the required correspondence or agreement for students with direct computer matches, and lack of LEA signatures, increases the risk that errors in the student status will not be detected.

We recommend that the School document required approvals, dates, and correspondence or agreements.

Officials' Response:

Internal controls at the School have been modified to include the "school use only" section of Free/Reduced applications. The School will document the eligibility determination, verify the proper number of Free/Reduced eligible students, record the daily meal count on appropriate spreadsheets, and review EPLS as permitted by federal regulation.

THEODORE ROOSEVELT PUBLIC COMMUNITY SCHOOL
HAMILTON COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2012

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***
2011-001	Ohio Revised Code, Section 3313.375 lease of building should be series of 1 year leases, not 30 year lease.	No	

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THEODORE ROOSEVELT PUBLIC COMMUNITY SCHOOL
HAMILTON COUNTY

CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
FISCAL YEAR END JUNE 30, 2012

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2012-001	The School has already met the requirements outlined in the Lease-to-Purchase Agreement for the purchase of the property. Therefore, the requirement for a series of one year renewable lease terms is no longer applicable. The School is pursuing legal action to finalize the purchase of the property identified in the Lease-to-Purchase Agreement, 1550 Tremont St. We anticipate the litigation to be resolved before the end of the next audit period.	6/30/13	Doug Mangen
2012-002	The School has been granted Title I School-Wide status. The School was and is now serving all students as Title I eligible students.	6/30/13	Doug Mangen
2012-003	Internal controls at the School have been modified to include the "school use only" section of Free/Reduced applications. The School will document the eligibility determination, verify the proper number of Free/Reduced eligible students, record the daily meal count on appropriate spreadsheets, and review EPLS as permitted by federal regulation.	6/30/13	Doug Mangen

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THEODORE ROOSEVELT PUBLIC COMMUNITY SCHOOL

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 9, 2013