



Dave Yost • Auditor of State



**GENERAL CHAPPIE JAMES LEADERSHIP ACADEMY  
MONTGOMERY COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Governing Board:

### ***Report on the Financial Statements***

We were engaged to audit the financial statements of the General Chappie James Leadership Academy, Montgomery County, Ohio (the Academy), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure the financial statements are free from material misstatement. Because of the matter described in the Basis for Disclaimer of Opinion paragraph; however, we were not able to obtain sufficient appropriate evidence to provide a basis for an audit opinion.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Academy's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Academy's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of overall financial statement presentation.

***Basis for Disclaimer of Opinion***

The Academy receives State Foundation funding from the Ohio Department of Education based upon the Academy's reported enrollment to the Department. Enrolled students must be attending in order for the Academy to receive State Foundation funding for these students. The Academy should withdraw a student from enrollment, resulting in a termination of State Foundation funding for that student, if the student meets the conditions specified in Ohio Rev. Code Section 3314.08(L)(2), enters a juvenile detention center, or pursuant to Ohio Rev. Code Section 3314.03(A)(6)(b) the student misses at least one hundred five consecutive hours of instruction.

The Auditor of State and Ohio Department of Education are currently investigating allegations of unsupported student enrollment at General Chappie James Leadership Academy. The Academy allegedly failed to withdraw certain students from enrollment who were in non-attendance during the 2012-2013 and 2013-2014 school years. As a result, the Ohio Department of Education may have overfunded the Academy based upon inflated student enrollment figures. The results of these investigations are still pending and will be reported separately at a later date. Therefore, the effect of any unenrolled students on the overall financial position of the Academy as of June 30, 2013, if applicable, cannot be determined at this time.

***Disclaimer of Opinion***

Because of the significance of the matter described in the Basis for Disclaimer of opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2014, on our consideration of the Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

February 10, 2014

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**GENERAL CHAPPIE JAMES LEADERSHIP ACADEMY  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)**

Our discussion and analysis of General Chappie James Leadership Academy (the Academy) financial performance provides an overall review of Academy's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Academy'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 Academy for the fiscal year 2013 are as follows:

- In total, net position increased \$ 96,592 which represents a 192 percent increase from 2012. This increase is due to increased revenues, specifically foundation and grants.
- Total assets increased \$ 41,870 which represents a 19 percent increase from 2012. This was primarily due to increases in cash and receivables from the previous year.
- Liabilities decreased \$54,722 which represents a 31 percent decrease from 2012. The decrease in liabilities is due to decreases in accounts payable and intergovernmental payable.

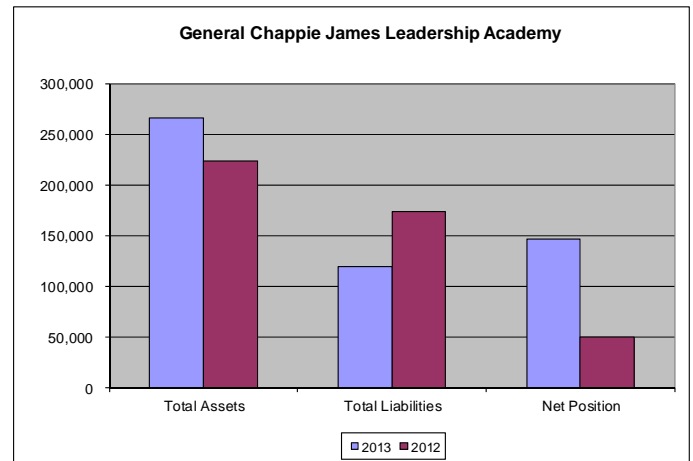
**USING THIS ANNUAL REPORT**

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 Position, a Statement of Revenues, Expenses and Change in Net Position, and a Statement of Cash Flows.

The Statement of Net Position and Statement of Revenues, Expenses, and Change in Net Position reflect how the Academy did financially during fiscal year 2013. 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 the Academy's net position and it changes in net position. This change in net position is important because it tells the reader whether the financial position of the Academy has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Academy's student enrollment, per-pupil funding as determined by the State of Ohio, change in technology, required educational programs and other factors. The Academy uses enterprise presentation for all of its activities.



**GENERAL CHAPPIE JAMES LEADERSHIP ACADEMY  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)  
(Continued)**

**Statement of Net Position**

The Statement of Net Position answers the question of how the Academy did financially during fiscal year 2013. 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 Academy's net position for fiscal years 2013 and 2012.

**(Table 1)**  
**Statement of Net Position**

	<b>2013</b>	<b>2012</b>
<b>Assets:</b>		
Current Assets	\$ 96,792	\$ 39,907
Capital Assets, Net	169,240	184,255
Total Assets	266,032	224,162
<b>Liabilities:</b>		
Current Liabilities	46,292	96,201
Long Term Liabilities	72,945	77,758
Total Liabilities	119,237	173,959
<b>Net Position:</b>		
Net Investment in Capital Assets	91,439	101,835
Unrestricted	55,356	(51,632)
Total Net Position	\$146,795	\$ 50,203

Net position increased to \$146,795 in 2013 compared to \$50,203 to 2012. Total liabilities decreased to \$119,237 in 2013 compared to \$173,959 in 2012. This is due to decreases in accounts payable and intergovernmental payables.

**Statement of Revenues, Expenses and Change in Net Position**

Table 2 shows the changes in net position for fiscal years 2013 and 2012, as well as a listing of revenues and expenses. This change in net position is important because it tells the reader that, for the Academy as a whole, the financial position of the Academy 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**  
**Changes in Net Position**

	<b>2013</b>	<b>2012</b>
<b>Operating Revenues:</b>		
Foundation	\$ 860,553	\$ 773,658
Casino Aid	2,219	
Miscellaneous Operating	13,383	48,317
<b>Non-Operating Revenues:</b>		
Insurance Proceeds	28,196	
Grants	96,027	35,265
Total Revenues	1,000,378	857,240

(Continued)

**GENERAL CHAPPIE JAMES LEADERSHIP ACADEMY  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)  
(Continued)**

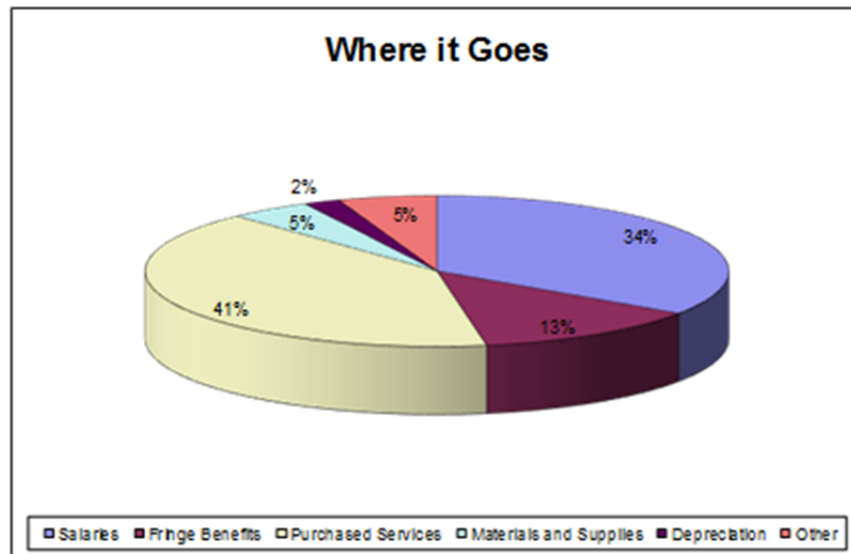
**Table 2  
Changes in Net Position  
(Continued)**

	<b>2013</b>	<b>2012</b>
<b>Operating Expenses:</b>		
Salaries	310,434	366,457
Fringe Benefits	114,857	89,460
Purchased Services	366,048	442,894
Materials and Supplies	41,159	41,121
Depreciation	17,971	22,053
Other	49,259	34,867
<b>Non-Operating Expenses:</b>		
Interest on Notes Payable	4,058	4,241
<b>Total Expenses</b>	<b>903,786</b>	<b>1,001,093</b>
<b>Total Increase (Decrease) in Net Position</b>	<b>\$ 96,592</b>	<b>(\$ 143,853)</b>

Revenues increased \$ 143,138, which represents a 17% increase from 2012. Expenses decreased by \$97,307, which represents a 10% decrease from 2012. Community schools receive no support from taxes. The State Foundation is, by far, the primary support for the Academy's students. State Foundation payments accounted for approximately 86 percent of all revenues. Revenues increased due to the increased enrollment, one-time payment from an insurance claim, and restoration of special education from IDEA-B.

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



**GENERAL CHAPPIE JAMES LEADERSHIP ACADEMY  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)  
(Continued)**

**CAPITAL ASSETS**

The Academy has \$169,240 invested in capital assets, net of accumulated depreciation. The decrease in asset carrying value of \$15,011 is the net effect of asset purchases and annual depreciation. Detailed information regarding capital asset activity is included in the note 6 to the basic financial statements.

**DEBT OBLIGATIONS**

The Academy has no short-term debt obligations at June 30, 2013, and long-term debt obligation of \$77,801, of which \$4,856 is current. Note 12 to the basic financial statements summarize all of the Academy's debt obligations at June 30, 2013.

**OTHER INFORMATION**

**For the Future**

In conclusion, the Academy has committed itself to financial excellence. The Academy has contracted with Kids Count of Dayton as its sponsor effective July 1, 2013.

The Academy relies on the State Foundation Funds as well as State Grants to provide the monies necessary to begin and carry on the activities of the Academy. The administration considers many factors when setting the Academy's 2014 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined based on the student count and the foundation allowance per pupil. The 2013 fiscal year budget was based on an estimated enrollment of 120 students. Staffing contracts have been approved based on current enrollment. Additional computer labs will be opened and additional staff added as enrollment increases. The Academy will amend the budget to reflect actual Academy resources and related expenditures. Also, the financial outlook over the next several years shows continued growth in enrollment at the Academy as well. But, future revenue increases are cautious due to Ohio's weak economic recovery.

**CONTACTING THE ACADEMY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the Academy's finances and to demonstrate accountability for the money it receives. If you have questions about this report or need additional information contact Brian G. Adams, Treasurer, General Chappie James Leadership Academy 120 Knox Ave Dayton, Ohio 45427 or at badams@ocscld.com.

**GENERAL CHAPPIE JAMES LEADERSHIP ACADEMY  
MONTGOMERY COUNTY**

**STATEMENT OF NET POSITION  
JUNE 30, 2013**

**Assets:**

**Current Assets:**

Cash and Cash Equivalents	\$34,925
Accounts Receivable	4,962
Intergovernmental Receivable	48,240
Prepays	8,665
Total Current Assets	<u>96,792</u>

**Non-current Assets:**

**Capital Assets:**

Non-Depreciable Capital Assets	7,100
Depreciable Capital Assets	162,140
Total Non-current Assets	<u>169,240</u>
Total Assets	<u>266,032</u>

**Liabilities:**

**Current Liabilities:**

Accounts Payable	28,978
Accrued Wages and Benefits	12,458
Notes Payable-Due within one Year	4,856
Total Current Liabilities	<u>46,292</u>

**Long-Term Liabilities:**

Notes Payable, due within more than one year	<u>72,945</u>
Total Long-Term Liabilities	<u>72,945</u>
Total Liabilities	119,237

**Net Position:**

Net Investment in Capital Assets	91,439
Unrestricted	55,356
Total Net Position	<u>\$146,795</u>

*See accompanying notes to the basic financial statements.*

**GENERAL CHAPPIE JAMES LEADERSHIP ACADEMY  
MONTGOMERY COUNTY**

**STATEMENT OF REVENUES,  
EXPENSES AND CHANGE IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<b>Operating Revenues:</b>	
Foundation	\$860,553
Casino Aid	2,219
Miscellaneous Operating Revenue	13,383
Total Operating Revenues	876,155
<b>Operating Expenses:</b>	
Salaries	310,434
Fringe Benefits	114,857
Purchased Services	366,048
Materials and Supplies	41,159
Depreciation	17,971
Other	49,259
Total Operating Expenses	899,728
Operating Loss	(23,573)
<b>Non-Operating Revenues (Expenses):</b>	
Interest on Notes Payable	(4,058)
Insurance Proceeds	28,196
Grants	96,027
Total Non-Operating Revenues (Expenses)	120,165
Change in Net Position	96,592
Net Position Beginning of Year	50,203
Net Position End of Year	\$146,795

*See accompanying notes to the basic financial statements.*

**GENERAL CHAPPIE JAMES LEADERSHIP ACADEMY  
MONTGOMERY COUNTY**

**STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Increase (Decrease) in Cash and Cash Equivalents	
<b>Cash Flows from Operating Activities:</b>	
Cash Received from State	\$837,628
Cash Received from Other Operating Sources	13,383
Cash Payments to Employees for Services	(347,433)
Cash Payments for Employee Benefits	(114,857)
Cash Payments for Goods and Services	(404,321)
Other Cash Payments	(49,259)
Net Cash Provided by (Used in) Operating Activities	<u>(64,859)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>	
Grants Received	54,882
Insurance Proceeds Received	28,196
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>83,078</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Cash Payments for Capital Assets	(2,960)
Interest Paid-Notes Payable	(4,058)
Principal Payments-Notes Payable	(4,619)
Net Cash Provided by (Used in) Financing Activities	<u>(11,637)</u>
Net Increase in Cash and Cash Equivalents	6,582
Cash and Cash Equivalents Beginning of Year	<u>28,343</u>
Cash and Cash Equivalents End of Year	<u><u>34,925</u></u>
<b>Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities:</b>	
Operating Loss	(23,573)
<b>Adjustments:</b>	
Depreciation	17,971
<b>Changes in Assets and Liabilities:</b>	
Accounts Receivable	(4,962)
Prepays	(4,192)
Accounts Payable	(11,703)
Accrued Wages and Benefits	(13,256)
Intergovernmental Payable	(25,144)
Net Cash Provided by (Used in) Operating Activities	<u><u>(\$ 64,859)</u></u>

*See accompanying notes to the basic financial statements.*

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**GENERAL CHAPPIE JAMES LEADERSHIP ACADEMY  
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**1. DESCRIPTION OF THE REPORTING ENTITY**

The General Chappie James Leadership Academy (the "Academy") is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 1702 and 3314 to serve as a Community School to educate children. The Academy, which is part of the State's education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices and all other operations. The Academy may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the Academy. The Academy is a Federal tax exempt entity under Section 501(c)(3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect the Academy's tax-exempt status.

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

The Academy began operations on September 1, 2004 under contract with the Sponsor for a period of five years ending June 30, 2009. The contract was renewed for additional one year terms ending on June 30, 2013. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration. The Governing Authority is responsible for the operations of the Academy.

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

The Board of Directors controls the Academy's one instructional/support facility which was staffed by four certified teachers, four classified employees and three administrators who provided instructional services to 124 students during the fiscal year ended June 30, 2013.

The Academy is associated with the Metropolitan Dayton Education Computer Association (MDECA) which is defined as a jointly governed organization. (See Note 16). The Academy is also associated with the Ohio School Boards Association Worker's Compensation Group Rating Plan (GRP), an insurance purchasing pool. (See Note 13).

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Academy have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental nonprofit organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following are the more significant of the Academy's accounting policies.

**GENERAL CHAPPIE JAMES LEADERSHIP ACADEMY  
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Basis of Presentation**

The Academy uses enterprise accounting to maintain its financial records during the fiscal year. Enterprise accounting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Enterprise accounting may be used to account for any activity for which a fee is charged to external users for goods or services.

**B. Measurement Focus and Basis of Accounting**

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 Position. The Statement of Revenues, Expenses and Change in Net Position presents increases and decreases in net total position. 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 used for reporting purposes. Revenues are recognized when 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 by its sponsor in the sponsorship agreement. The contract between the Academy and its Sponsor does not prescribe for an annual budget requirement. The Academy does prepare a five-year forecast, which is to be updated semi-annually, and shared with the Governing Board, Ohio Department of Education and its Sponsor.

**D. Cash and Cash Equivalents**

All cash received by the Academy is deposited in accounts in the Academy's name and is reflected as Cash and Cash Equivalents on the Statement of Net Position. The Academy had no investments during fiscal year 2013 (See note 4).

**E. Prepaid Items**

The Academy records payments made to vendors for services that will benefit periods beyond June 30, 2013, as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the year in which services are consumed.

**F. Capital Assets and Depreciation**

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

All capital assets, except land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

**GENERAL CHAPPIE JAMES LEADERSHIP ACADEMY  
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	20 years
Machinery and Equipment	4-8 years
Furniture and Fixtures	10-20 years

**G. Intergovernmental Revenues**

The Academy currently participates in the state's foundation and special education programs. Revenues received from these programs are recognized as operating revenues (foundation and special education payments) in the accounting period in which they are earned and become measurable. Funding from these programs is listed as "Foundation" on the Statement of Revenues, Expenses, and Change in Net Position.

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

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Academy must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis.

**H. Net Position**

Net position represents the difference between assets and liabilities. Net investments in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Academy presently has no restricted net position.

The Academy applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**I. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the Academy. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Academy. All revenues and expenses not meeting this definition are reported as non-operating.

**J. Estimates**

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

**GENERAL CHAPPIE JAMES LEADERSHIP ACADEMY  
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**3. CHANGE IN ACCOUNTING PRINCIPLES**

For the fiscal year 2013, the Academy has implemented Governmental Accounting Standard Board (GASB) *Statement No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements,"* and *Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position"*. GASB *Statement No. 62* incorporates into GASB's authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change in the Academy's financial statements. GASB *Statement No. 63* provides financial and reporting guidance for *deferred outflows of resources, deferred inflows of resources and net position in a statement of financial position and related note disclosures*. The implementation of this statement has changed the presentation of Academy's financial statements, however, there was no effect on beginning net position.

**4. DEPOSITS**

At June 30, 2013, the book balance of the Academy's deposits was \$34,925 and the bank balance was \$50,000, the entire balance of which was covered by FDIC.

**5. RECEIVABLES AND PREPAID EXPENSES**

At June 30, 2013, the Academy had intergovernmental receivables in the amount of \$ 48,240, accounts receivable in the amount of \$4,962, and prepaid expenses in the amount of \$8,665. Intergovernmental Receivables consist of federal assistance earned at year end but not received at June 30, 2013. Prepaids consist of payments made to vendors for services that benefits periods beyond June 30, 2013. Accounts Receivable represent amounts due from vendors, employees, or parents at June 30, 2013

**6. CAPITAL ASSETS**

The following table represents the Academy's changes in capital assets for the fiscal year ended June 30, 2013. Capital assets are considered depreciable, except for land, which is valued at \$7,100.

	<u>Balance 6/30/2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2013</u>
<b>Non-Depreciable Capital Assets:</b>				
Land		\$7,100		\$7,100
<b>Depreciable Capital Assets:</b>				
Building	\$130,000		(\$7,100)	122,900
Furniture and Fixtures	76,178			76,178
Machinery and Equipment	66,364	2,960		69,324
Total Capital Assets Being Depreciated	272,542	2,960	(7,100)	268,402
<b>Less Accumulated Depreciation:</b>				
Building	(13,546)	(6,145)		(19,691)
Furniture and Fixtures	(31,129)	(5,515)		(36,644)
Machinery and Equipment	(43,616)	(6,311)		(49,927)
Total Accumulated Depreciation	(88,291)	(17,971)		(106,262)
Total Capital Assets, Net	<u>\$184,251</u>	<u>(\$7,911)</u>	<u>(\$7,100)</u>	<u>\$169,240</u>

**GENERAL CHAPPIE JAMES LEADERSHIP ACADEMY  
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**7. RISK MANAGEMENT**

**A. Insurance Coverage**

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and contracted personnel; and natural disasters. During the fiscal year ended June 30, 2013, the Academy had property and liability insurance through Accord Insurance. There has not been a significant reduction in coverage from the prior year. Settled claims have not exceeded coverage in any of the past three years.

**B. Workers' Compensation**

The Academy 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. (See Note 13)

**C. Employee Medical, Dental and Vision Benefits**

The Academy has contracted through an independent agent to provide employee medical, dental, and vision insurance to its full-time employees who work 40 or more hours per week.

**8. DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

**Plan Description** – The Academy 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](http://www.ohsers.org) under Employer/ Audit Resources.

**Funding Policy** - Plan members are required to contribute 10 percent of their annual covered salary and the Academy is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended 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, 2013, the allocation to pension and death benefits is 13.10 percent. The remaining .90 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The Academy's contributions to SERS for the year ended June 30, 2013, 2012 and 2011 were \$21,222, \$17,749, and \$18,396, respectively, of which 100% has been contributed.

**GENERAL CHAPPIE JAMES LEADERSHIP ACADEMY  
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**8. DEFINED BENEFIT PENSION PLANS (Continued)**

**B. State Teachers Retirement Systems (STRS)**

**Plan Description** - The Academy 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](http://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.

**Funding Policy** - For the fiscal year ended June 30, 2013, plan members were required to contribute 10 percent of their annual covered salaries. The Academy was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2012, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The Academy's required contribution for pension obligations to STRS for the fiscal years ended June 30, 2013, 2012 and 2011 were \$32,972, \$28,080, and \$25,902, respectively, of which 100% has been contributed.

**C. 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, 2013, there were no members that elected Social Security.

**GENERAL CHAPPIE JAMES LEADERSHIP ACADEMY  
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**9. POST-EMPLOYMENT BENEFITS**

**A. School Employee Retirement System**

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

**Medicare Part B**

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 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 2013 was \$104.90 for most participants but could be as high as \$335.70 depending on their income. 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 2013, the actuarial required allocation is .74 percent. The Academy's contributions for the years ended June 30, 2013, 2012 and 2011 were \$1,199 \$1,048, and \$1,184, respectively, of which 100% has been contributed.

**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, 2013, the health care allocation is .16 percent. 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, 2013, the minimum compensation level was established at \$20,525. The surcharge added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The Academy's contributions assigned to health care for the years ended June 30, 2013, 2012 and 2011 were \$259, \$3,046, and \$4,551, respectively, of which 100% has been contributed.

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.

**GENERAL CHAPPIE JAMES LEADERSHIP ACADEMY  
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**9. POST-EMPLOYMENT BENEFITS (Continued)**

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](http://www.ohsers.org) under Employers/Audit Resources.

**B. State Teachers Retirement System**

**Plan Description** - The Academy contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://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 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The GCJLA' contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$2,751, \$2,160, and \$1,992, respectively all of which has been contributed for all fiscal years.

**10. CONTINGENCIES**

**A. Grants**

The Academy receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the operating fund. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Academy at June 30, 2013.

**B. Full-Time Equivalency Reviews**

The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the Academy. These reviews are conducted to ensure GCJLA is reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. A review has not been conducted for the 2012-2013 school year. The school does not anticipate any material effect to the financial statements when the review is complete.



**GENERAL CHAPPIE JAMES LEADERSHIP ACADEMY  
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**11. PURCHASED SERVICES**

For the period July 1, 2012 through June 30, 2013, purchased service expenses were payments for services rendered by various vendors, as follows:

Professional Services	\$194,547
Property Services	79,833
Travel and Professional Development	6,247
Communications	9,514
Utilities	36,053
Trade Labor	255
Tuition to Other Districts	7,039
Transportation	32,560
<b>Total</b>	<b>\$366,048</b>

**12. DEBT OBLIGATIONS- LONG-TERM**

During fiscal year 2013, the following long-term obligation activity occurred at the Academy:

	<b>Balance Outstanding 6/30/12</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance Outstanding 6/30/13</b>
US Bank Loan – 5%	\$82,420	\$0	\$4,619	\$77,801

On June 24, 2010, the Academy took out a \$91,000 loan with an annual interest rate of 5%, for the purpose of purchasing a building. The loan is payable in monthly principal and interest installments until it reaches final maturity on June 24, 2015, when any unpaid principal must be repaid.

The following is a summary of the Academy's future annual debt obligation for the US Bank loan:

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	\$4,856	\$ 3,779	\$ 8,635
2015	72,945	3,531	76,476
<b>Total</b>	<b>\$77,801</b>	<b>\$7,310</b>	<b>\$85,111</b>

**13. INSURANCE PURCHASING POOL**

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

**14. TAX EXEMPT STATUS**

The Academy was approved under § 501(c)(3) of the Internal Revenue Code as a tax exempt organization. Management is not aware of any course of action or series of events that might adversely affect the Academy's tax exempt status.

**GENERAL CHAPPIE JAMES LEADERSHIP ACADEMY  
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**15. SPONSOR**

On September 1, 2004, a sponsorship agreement was executed between the Academy and the Educational Service Center of Lake Erie West for a five (5) year period beginning July 1, 2009. Under this agreement, the Academy pays the Sponsor "up to" 3% of State Foundation. The Academy subsequently had its contract assigned to Kids Count of Dayton for fiscal year 2013. The Academy's sponsor fee expense at June 30, 2013 totaled \$25,706.

**16. JOINTLY GOVERNED ORGANIZATIONS**

The Academy is a participant in the Metropolitan Dayton Educational Cooperative Association (MDECA) which is a computer consortium. MDECA is an association of public school districts within the boundaries of Montgomery, Miami and Darke Counties and the Cities of Dayton, Troy and Greenville. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of MDECA consists of seven Superintendents of member school districts, with six of the Superintendents elected by majority vote of all member school districts except the Montgomery County Educational Service Center. The seventh Superintendent is from the Montgomery County Educational Service Center. The Academy made payments of \$4,878 to MDECA during the fiscal year ended June 30, 2013. Financial information can be obtained from Dean Reineke, who serves as director, at 225 Linwood Street, Dayton, Ohio 45405.

**17. SUBSEQUENT EVENTS**

On September 25, 2013 litigation against the Academy and its Director was filed in the Montgomery County Court of Common Pleas, civil division by the Academy's former Treasurer. The case is currently in the discovery phase, with the Academy in the process of responding to the Plaintiff's First Set of Requests for Documents and Interrogatories. Any potential loss or settlement will be covered by the Academy's insurance carrier.



# Dave Yost • Auditor of State

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

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

To the Governing Board:

We were engaged to audit, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the business-type activities of General Chappie James Leadership Academy, Montgomery County, (the Academy) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated February 10, 2014, wherein we did not express an opinion due to the Auditor of State and Ohio Department of Education are currently investigating allegations of unsupported student enrollment. As a result, the Ohio Department of Education may have over-funded the Academy based upon inflated student enrollment figures. The results of these investigations are still pending and will be reported separately at a later date. Therefore, the effect of any unenrolled students on the overall financial position of the Academy as of June 30, 2013, if applicable, cannot be determined at this time.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Academy's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Academy's internal control. Accordingly, we have not opined on it.

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

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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Academy's financial statements. 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 2013-001 described in the accompanying schedule of findings to be a material weakness.

***Compliance and Other Matters***

As part of reasonably assuring whether the Academy's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 2013-001.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Academy's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

February 10, 2014

**GENERAL CHAPPIE JAMES LEADERSHIP ACADEMY  
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS  
JUNE 30, 2013**

**NONCOMPLIANCE/MATERIAL WEAKNESS**

**STUDENT ATTENDANCE**

The Academy receives State Foundation funding from the Ohio Department of Education based upon the Academy's reported enrollment to the Department. Enrolled students must be attending in order for the Academy to receive State Foundation funding for these students. The Academy should withdraw a student from enrollment, resulting in a termination of State Foundation funding for that student, if the student meets the conditions specified in Ohio Rev. Code Section 3314.08(L)(2), enters a juvenile detention center, or pursuant to Ohio Rev. Code Section 3314.03(A)(6)(b) the student misses at least one hundred five consecutive hours of instruction.

The Auditor of State and Ohio Department of Education are currently investigating allegations of unsupported student enrollment at General Chappie James Leadership Academy. The Academy allegedly failed to withdraw certain students from enrollment who were in non-attendance during the 2012-2013 and 2013-2014 school years. As a result, the Ohio Department of Education may have overfunded the Academy based upon inflated student enrollment figures. The results of these investigations are still pending and will be reported separately at a later date. Therefore, the effect of any unenrolled students on the overall financial position of the Academy as of June 30, 2013, if applicable, cannot be determined at this time.

**GENERAL CHAPPIE JAMES LEADERSHIP ACADEMY  
MONTGOMERY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2012-001	<b>Ohio Admin. Code 117-2-03 (B) and Ohio Rev. Code Section 117.38</b> – Failure to file annual financial report within 150 day filing deadline.	Yes	
2012-002	<b>Ohio Rev. Code Section 3314.03(A)(11)(d), Ohio Rev. Code Section 149.43(B) and State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951)</b> – Finding for Recovery – Debit card transactions with no supporting documentation	No	Finding for Recovery has still not been repaid (\$4,335).
2012-003	Significant Deficiency – Bank Reconciliation Errors	Yes	



# Dave Yost • Auditor of State

## Independent Accountants' Report on Applying Agreed-Upon Procedures

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

To the Governing Board:

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

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

1. In our report dated July 8, 2013, we noted the Board adopted an anti-harassment policy on August 14, 2008 and updated the policy on March 22, 2010. However, this policy did not include all matters required by Ohio Rev. Code 3313.666.
2. We inquired with the Board's management regarding the aforementioned policy. They stated they have not amended the March 22, 2010 policy. The policy lacks the following required by Ohio Rev. Code Section 3313.666.
  - (1) A procedure for reporting prohibited incidents;
  - (2) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
  - (3) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
  - (4) A procedure for documenting any prohibited incident that is reported;
  - (5) A procedure for responding to and investigating any reported incident;

- (6) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (7) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.
- (8) Include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

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



**Dave Yost**  
Auditor of State

February 10, 2014





# Dave Yost • Auditor of State

**GENERAL CHAPPIE JAMES LEADERSHIP ACADEMY**

**MONTGOMERY COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 11, 2014**