



Dave Yost • Auditor of State

TECHNOLOGICAL COLLEGE PREPARATORY ACADEMY
HAMILTON COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

Technological College Preparatory World Academy
Hamilton County
6000 Ridge Avenue
Cincinnati, Ohio 45213

To the Board of Directors:

We have audited the accompanying basic financial statements of the Technological College Preparatory World Academy, Hamilton County, Ohio (the School), as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Technological College Preparatory World Academy, Hamilton County, Ohio as of June 30, 2010, and the changes in its financial position and its cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 14 to the financial statements, the School has suffered recurring losses from operations and has a net asset deficiency. Management has not disclosed plans regarding these matters. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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

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. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. 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

August 24, 2012

TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED

This discussion and analysis of the Technological College Preparatory World Academy's (the School's) financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2010. 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 notes to the basic financial statements to enhance their understanding of the School's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standard Board (GASB) in 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. The 2009 and 2008 financial statements were disclaimed upon by the CPA firm hired to perform the audit. Certain amounts used for comparison from the prior year have been restated. See Note 17 to the Financial Statements for more information.

Financial Highlights

- The School's total assets increased by \$37,682 or 18 percent in fiscal year 2010, due primarily to an increase in equity in non-current assets. Liabilities decreased by \$12,754 or 4 percent, due primarily to the School's ability to make large, direct payments to the Internal Revenue Service (IRS) to fully pay the School's liability for previous tax filing penalties and interest.
- Total revenues increased by \$487,082 or 15 percent in fiscal year 2010, due to an increase in state foundation revenue and poverty based assistance as a result of increased enrollment and in federal and state grants. Total expenses increased by \$680,559 or 23 percent, due primarily to increases in staffing levels and purchased services.

Using this Financial Report

This report consists of three parts: the MD&A; the basic financial statements; and, notes to the financial statements. The basic financial statements include a statement of net assets and a 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 2010?" The statement of net assets and the statement of revenues, expenses and changes in net assets report information about the School as a whole and about its activities in a manner that helps to answer this question. These statements include all assets, liabilities, revenues, and expenses using the accrual basis of accounting similar to the accounting used by private-sector corporations. This basis of accounting considers all of the current year's revenues and expenses, regardless of when cash is received or paid.

TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED
(Continued)

These two statements report the School's net assets and changes in those 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 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.

Financial Analysis

The School is not required to present government-wide financial statements, as the School is engaged in only business-type activities. Therefore, no condensed financial information derived from government-wide financial statements is included in the discussion and analysis.

The following tables represent the School's condensed financial information derived from the statement of net assets and the statement of revenues, expenses, and changes in net assets.

Table 1 provides a summary of the School's net assets for fiscal year 2010:

(Table 1)
Net Assets

	2010
Assets	
Current Assets	\$139,702
Capital Assets, Net	104,102
Total Assets	\$243,804
Liabilities	
Current Liabilities	\$275,273
Noncurrent Liabilities	0
Total Liabilities	\$275,273
Net Assets	
Invested in Capital Assets, Net of Related Debt	\$104,102
Unrestricted	(135,571)
Total Net Assets	(\$31,469)

See Note 17 for information about the FY 2009 disclaimer.

TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED
(Continued)

Table 2 shows the net assets for fiscal year 2010, as well as a listing of revenues and expenses.

(Table 2)

	2010
Operating Revenues:	
Foundation Payments	\$2,399,397
Poverty Based Assistance	181,642
Charges for Services	26,569
Other Operating Revenues	15,955
Other Federal and State Grants	1,101,347
Interest Income	342
Total Revenues	3,725,252
Operating Expenses:	
Salaries	2,511,253
Fringe Benefits	349,807
Purchased Services	239,144
Materials and Supplies	273,908
Depreciation	21,314
Other Operating Expenses	297,418
Non-Operating Expenses	
Tax Penalty and Expense	0
Total Expenses	\$3,692,844
Change in Net Assets	\$32,428

Financial information for fiscal year 2010 is provided in the discussion and analysis for informational purposes. Additionally, the School operates as one business-type enterprise fund; therefore, analysis of balances and transactions of individual funds are not included in the discussion and analysis.

See Note 17 for information about the FY 2009 disclaimer.

TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED
(Continued)

The expenses related to salaries and fringe benefits were \$2,613,568 in fiscal year 2010. See Note 17 for information about the FY 2009 disclaimer.

Capital Assets

Table 3 provides a summary of the School's capital assets, net of accumulated depreciation, for fiscal years 2010 and 2009:

(Table 3)
Capital Assets at June 30, 2010
(Net of Accumulated Depreciation)

	<u>2010</u>
Capital Assets, Net	<u>\$104,102</u>

The School had \$104,102 invested in capital assets, net of accumulated depreciation at the end of fiscal year 2010. See Note 17 for information about the FY 2009 disclaimer.

Current Financial Issues

The School was formed in 2000. The School receives its finances mostly from state aid. During fiscal years 2010 and 2009, there were approximately 412 and 389 students, respectively, enrolled in the School. The School receives state foundation payments based on enrollment.

Contacting the School's Financial Management

This financial report is designed to provide our citizens with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional information, contact Karen Y. French, Superintendent at Technological College Preparatory (TCP) World Academy, 6000 Ridge Avenue, Cincinnati, Ohio 45213, (513) 531-9500.

Technological College Preparatory World Academy
Statement of Net Assets
As of June 30, 2010

	FY 2010
Assets	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$70,364
Intergovernmental Receivable	69,338
Total Current Assets	139,702
Non-Current Assets:	
Capital Assets (Net of Accumulated Depreciation)	104,102
Total Assets	243,804
Liabilities	
Current Liabilities:	
Accounts Payable	27,781
Accrued Wages and Benefits	214,279
Intergovernmental Payable	33,213
Due to Ohio Department of Education	0
Total Current Liabilities	275,273
Noncurrent Liabilities:	
Internal Revenue Service Payable	0
Total Liabilities	275,273
Net Assets	
Invested in Capital Assets, Net of Related Debt:	104,102
Unrestricted	(135,571)
Total Net Assets	(\$31,469)

See accompanying notes to the basic financial statements

Technological College Preparatory World Academy
Statement of Revenues, Expenses and
Changes in Net Assets
For the Fiscal Year Ended June 30, 2010

	FY 2010
Operating Revenues	
Foundation Payments	\$2,399,397
Poverty Based Assistance	181,642
Charges for Services	26,569
Other Operating Revenues	15,955
<i>Total Operating Revenues</i>	2,623,563
Operating Expenses	
Salaries	2,511,253
Fringe Benefits	349,807
Purchased Services	239,144
Materials and Supplies	273,908
Depreciation	21,314
Other Operating Expenses	297,418
<i>Total Operating Expenses</i>	3,692,844
<i>Operating Loss</i>	(1,069,281)
Non-Operating Revenues and (Expenses)	
Other Federal and State Grants	1,101,347
Interest Income	342
Tax Penalty and Expense	0
Loss on Disposal of Capital Assets	0
<i>Total Non-Operating Revenues and Expenses</i>	1,101,689
<i>Change in Net Assets</i>	32,408
<i>Net Assets Beginning of Year (2009 restated)</i>	(63,877)
<i>Net Assets End of Year</i>	(\$31,469)

See accompanying notes to the basic financial statements

Technological College Preparatory Academy

Statement of Cash Flows

For the Fiscal Year Ended June 30, 2010

	<u>FY 2010</u>
<i>Increase in Cash and Cash Equivalents:</i>	
<u>Cash Flows from Operating Activities:</u>	
Cash Received for Foundation Payments from State of Ohio	\$2,330,059
Cash Received for Poverty Based Assistance from State of Ohio	181,642
Cash Received for Charges for Services	26,569
Cash Received for Other Operating Revenues	15,955
Cash Payments to Employees for Salaries and Related Benefits	(2,613,568)
Cash Payments to Suppliers for Goods and Services	(485,271)
Cash Payments to Suppliers for Other Operating Expenses	<u>(297,418)</u>
Net Cash Used for Operating Activities	<u>(842,032)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>	
Cash Received from Federal and State Subsidies	1,101,347
Cash Payments to Internal Revenue Service	<u>0</u>
Net Cash Provided by Noncapital Financing Activities	<u>1,101,347</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Payments for Capital Acquisitions	<u>(58,615)</u>
Net Cash Used for Noncapital Financing Activities	(58,615)
<u>Cash Flows from Investing Activities:</u>	
Cash Received from Interest	<u>342</u>
Net Increase in Cash and Cash Equivalents	(82,664)
Cash and Cash Equivalents at Beginning of Year (2009 ending restated)	<u>153,028</u>
Cash and Cash Equivalents at End of Year	<u><u>\$70,364</u></u>
<i>Reconciliation of Operating Loss to Net</i>	
<u>Cash Used for Operating Activities:</u>	
Operating Loss	(\$1,069,281)
<i>Adjustments to Reconcile Operating</i>	
<u>Loss to Net Cash Provided by Operating Activities</u>	
Depreciation Expense	21,314
Changes in Assets and Liabilities:	
Accounts Payable	27,781
Accrued Wages and Benefits	214,279
Intergovernmental Payable	33,213
Intergovernmental Receivable	<u>(69,338)</u>
Total Adjustments	<u>227,249</u>
Net Cash Used for Operating Activities	<u><u>(\$842,032)</u></u>

See accompanying notes to the basic financial statements

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TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2010

NOTE 1 - DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

Quality Team Corporation operating as Technological College Preparatory (TCP) World Academy, Hamilton County, Ohio (the School), is a non-profit organization established pursuant to the Ohio Revised Code Chapters 3314 and 1702 to address the needs of students in grades K to sixth grade. The school, which is part of the State's education program is independent of any school district and is non-sectarian in its program, 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. Quality Team Corporation qualifies as an exempt organization under Section 501c (3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect the School's tax-exempt status.

The School was approved for operation under contract with the Educational Resource Consultants of Ohio, Inc. (the Sponsor) for a period commencing August 17, 2005 and ending June 30, 2010. 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 a five-member Board of Directors. The Board of Directors is responsible for carrying out the provisions of the contract which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Board of Directors controls the School's one instructional/support facility staffed by 17 non-certified and 24 certified full-time teaching personnel who provide services to approximately 412 students.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental non-profit 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 more significant of the School's accounting policies are described below.

A. Basis of Presentation

The School's basic financial statements consist of net assets and a statement of revenues, expenses and changes in net assets. The School uses enterprise accounting to monitor its financial activities. Enterprise fund reporting focuses on the determination of operating income, change in net assets, and financial position.

TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the statement of net assets. The statement of revenues, expenses and changes in net assets presents increases (i.e. revenues) and decreases (i.e. expenses) in net total assets.

C. Basis of Accounting

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

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

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

Expenses are recognized at the time they are incurred.

D. Budgetary Process

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided in the contract between the School and its sponsors. The contract between the School and its Sponsors requires the School to follow Ohio Revised Code 5705.391 and prepare a five year projection. However, no budgetary information is presented in the financial statements.

E. Cash Deposits

All monies received by the School are accounted for by the School's Treasurer. For cash management, all cash received by the Treasurer is deposited within four separate bank accounts as demand deposits. Total cash for the School is presented as "equity in pooled cash and cash equivalents" on the accompanying statement of net assets. The School had no investments during the fiscal year.

TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Capital Assets and Depreciation

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair values as of the date received. The School maintains a capitalization threshold of five thousand dollars (\$5,000). The School does not possess 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.

Depreciation of furniture, fixtures and equipment is computed using the straight-line method over estimated useful lives of 3 - 10 years. Leasehold improvements to capital assets are depreciated over the remaining useful lives of the related capital assets up to the end of the lease. Improvements are depreciated over the remaining useful lives of the related capital assets.

G. Net Assets

Net assets represent the difference between assets and liabilities. Assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by outstanding balances of any borrowings used for acquisition, construction, or improvement of those assets. The School has no capital related debt.

H. Operating Revenues and Expenses

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

I. Estimates

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

J. Economic Dependency

The School receives approximately 98% 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 Ohio Department of Education.

TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 3 - DEPOSITS

Custodial credit risk is the risk that in the event of bank failure, the School's deposits may not be returned to it. Protection of School cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all public deposits. The face value of the pooled collateral must equal at least 105 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At June 30, 2010, the carrying amount of the School's deposits was \$70,539.86 which included \$156.29 cash on hand and the bank balance was \$175,330.09 for the General, Payroll and Lunchroom Accounts, all of which was covered by the federal depository insurance corporation.

The School did not have any investments during fiscal year 2010.

NOTE 4 - RECEIVABLES

Receivables at June 30, 2010 consisted of intergovernmental receivable for grants in the amount of \$69,338. All intergovernmental receivables are considered collectible in full within one year.

NOTE 5 - CAPITAL ASSETS

A summary of the School's capital assets at June 30, 2010 follows:

	Balance 6/30/2009	Additions	Deletions	Balance 6/30/2010
Capital Assets Being Depreciated				
Leasehold Improvements	\$15,633	\$30,894	\$ 0	\$ 46,527
Furniture, Fixtures and Equipment	<u>86,941</u>	<u>27,721</u>	<u>0</u>	<u>114,662</u>
Total Capital Assets	102,574	58,615	0	161,189
Less: Accumulated Depreciation				
Leasehold Improvements	(4,791)	(2,025)		(6,816)
Furniture, Fixtures and Equipment	<u>(30,981)</u>	<u>(19,289)</u>	<u>0</u>	<u>(50,270)</u>
Total Accumulated Depreciation	(35,772)	(21,314)	0	(57,086)
Capital Net Assets	<u>\$66,802</u>	<u>\$37,301</u>	<u>0</u>	<u>\$104,103</u>

See Note 17 for information about the FY 2009 disclaimer.

TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 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. During fiscal year 2010, the School contracted with The Hartford Insurance Company for general liability and property insurance as well as for educational errors and omissions insurance.

Coverage is as follows:

Fire Damage (any one fire)	\$ 300,000
Medical Expenses (any one person)	10,000
Personal and Advertising Injury	1,000,000
General Aggregate	2,000,000
Products – Comp/Op Aggregate	2,000,000
Boiler and Machinery	2,000,000
Business Personal Property (\$1,000 deductible)	356,700
Computers and Media Coverage (\$250 deductible)	100,000
Money and Security – Inside Premises	10,000
Money and Security – Outside Premises	5,000

There were no claims against this commercial coverage in any of the past five (5) years. There has been no significant change in the insurance coverage from the prior year.

B. Workers' Compensation

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

NOTE 7 - JOINTLY GOVERNED ORGANIZATION

The School is a participant in the Southwest Ohio Computer Association (SWOCA), which is a computer consortium. SWOCA is an association of public schools and community schools within the boundaries of Hamilton, Butler, Preble, and Warren Counties. The organization was formed for the purpose of applying modem technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member school districts. The governing board of SWOCA consists of the superintendent (or the superintendent's designee) from each member district. The School paid SWOCA \$12,966 for services provided during fiscal year 2010. Financial information can be obtained from the fiscal agent, Butler County JVS, 3606 Hamilton-Middletown Road, Hamilton, Ohio 45011.

TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 8 - DEFINED BENEFIT PENSION PLANS

A. School Employee Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual salary and the School is required to contribute at an actuarially determined rate. The current School rate is 14 percent of annual covered payroll. A portion of the School's contribution is used to fund pension obligations with the remainder being used to fund health benefits. 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 of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for members and employer contributions.

B. State Teachers Requirement System

Plan Description - The School participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website: 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 a 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 DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The 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.

TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 8 - DEFINED BENEFIT PENSION PLANS (Continued)

A DB or Combined Plan member with five or more credit years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For fiscal year ending June 30, 2009, plan members were required to contribute 10 percent of their annual covered salaries. The School was required to contribute 14 percent. Contribution rates are established by the State Teachers Retirement Board upon recommendation 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.

NOTE 9 - POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

Plan Description - The School participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System (SERS) for non-certified retirees and their beneficiaries: a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligation to contribute are established by SERS based on authority by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - State statute permits SERS to fund health care benefits through employer contributions. Each year, after the allocation for statutory required benefits, the SERS Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established in accordance with Internal Revenue Code Section 401 h.

Active employee members do not contribute to the Health Care Fund. Retirees and their beneficiaries are required to pay a health care premium that varies on the plan selected, the number of qualified years of service, Medicare eligibility, and retirement status.

The SERS Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund.

TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 9 - POSTEMPLOYMENT BENEFITS (Continued)

B. State Teachers Retirement System

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the STRS Ohio 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 contribution.

NOTE 10 - OTHER EMPLOYEE BENEFITS

A. Leave Benefits

The criteria for determining vacation and sick leave components are derived from policies and procedures approved by the School's Board of Directors.

Vacation Leave: Calendar year employees who are regularly scheduled to work 25 or more hours per week are eligible for vacation leave. Teachers or employees following the academic year calendar are not eligible for vacation leave. Unused accrued vacation leave days may not be carried forward into the next year.

Sick Leave: Certified teachers earn one sick day each month, resulting in nine sick days annually. Classified teacher assistants earn six sick days annually. Sick days with pay may not be used before they are earned. Sick days must be used during the fiscal year. Sick days do not carry over to the next year.

Full-time other classified staff members earn six days and three personal leave days per year.

B. Insurance Benefits

The School provides life, dental, and medical/surgical benefits to most employees through Anthem.

TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 11 - CONTINGENCIES

A. Grants

The School received financial assistance from the 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 School. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School as June 30, 2010.

B. Full Time Equivalency

The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the School. These reviews are conducted to ensure the School is reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. The conclusions of these reviews could result in state funding being adjusted.

NOTE 12 - TAX EXEMPT STATUS

The School is a non-profit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. Management is not aware of any course of action or series of events that have occurred that might adversely affect the School's non-profit status. The School was approved on June 19, 2002 for tax-exempt status under 501c3 of the Internal Revenue Code.

NOTE 13 -INTERGOVERNMENTAL PAYABLES

A. SERS/STRS Intergovernmental Payables

At June 30, 2010, the School had a payable in the amount of \$33,213. The payable is for payment of employees' retirement contributions for the month of June which are due and paid in July.

At June 30, 2010, the School had paid in full the amount of \$90,189 assessed by the Internal Revenue Service (IRS) for penalties and interest for late filings of the required IRS Form 990 Annual Reports for 2001 through 2006.

TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 14 - DEFICIENCY IN NET ASSETS AND MANAGEMENT PLAN

At June 30, 2010, the School had a net asset deficiency of \$31,469, meaning that liabilities were in excess of assets by these amounts. However, if depreciation charges for fiscal year 2010 are excluded, net assets would be negative in the amount of \$10,155.

NOTE 15 - OPERATING LEASE OF BUILDING

The Superintendent of the School purchased the building at 6000 Ridge Avenue, in which the School is currently operating. The Superintendent leased the building to the school for an initial term of five (5) years which ended June 30, 2005

On February 28, 2005, the School entered into a new five-year lease commencing July 1, 2005. The new five (5) year lease commits the School to monthly lease payments of \$7,000 (\$84,000 annually) for the period July 1, 2005 through June 30, 2010.

The Superintendent also leases the building at 6008 Ridge Avenue to the School for monthly lease payments of \$1,500 (\$18,000 annually) for the period beginning June 1, 2008 to June 30, 2009. The monthly lease payments increase to \$1,667 (\$20,000 annually) for the period beginning July 1, 2009 through June 30, 2013.

Insurance of the buildings' contents is the responsibility of the School.

NOTE 16 - RELATED PARTY TRANSACTIONS

As described in Note 15, the School leases two (2) buildings from the Superintendent for a total of \$8,667 per month.

NOTE 17 – RESTATEMENT NOTE/PRIOR AUDIT DISCLAIMER

The School received a disclaimer in their audit for all of their FY 2009 financial statements, MD&A and footnotes. Adjustments were made to the accounting system for this reason, thus adjusting the FY 2010 beginning balances. Restated FY 2009 financial statements were not issued by the School; thus, the disclaimed FY 2009 statements are not presented in these financial statements for comparison. The 2009 ending Cash balances (beginning 2010), the 2009 Capital Assets and associated depreciation were audited during this audit to allow the auditors to opine on the FY 2010 financial statements. Adjustments made to cash balances are reflected in FY 2010 GAAP accounts on the Statement of Net Assets and in the FY 2010 net assets beginning year balance amount of \$63,877. There were no adjustments made to 2009 Capital Assets or associated depreciation.

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2010**

FEDERAL GRANTOR <i>Pass Through Grantor</i>	Federal CFDA	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
Program Title	Number				
U.S. DEPARTMENT OF AGRICULTURE					
<i>Passed Through Ohio Department of Education</i>					
Child Nutrition Cluster					
National School Lunch Program	10.555	\$100,777	\$9,990	\$100,777	\$9,990
National School Breakfast Program	10.553	41,595	0	41,595	0
Total Child Nutrition Cluster		<u>142,372</u>	<u>9,990</u>	<u>142,372</u>	<u>9,990</u>
Total U.S. Department of Agriculture		<u>142,372</u>	<u>9,990</u>	<u>142,372</u>	<u>9,990</u>
U.S. DEPARTMENT OF EDUCATION					
<i>Passed Through Ohio Department of Education</i>					
Special Education Cluster					
Special Education Grants to State - IDEA Part B	84.027	67,596	0	67,596	0
ARRA - Special Education Grants to State - IDEA Part B	84.391	79,908	0	79,908	0
Total Special Education Cluster		<u>147,504</u>	<u>0</u>	<u>147,504</u>	<u>0</u>
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants	84.394	176,264	0	176,264	0
ARRA - Title I-A	84.389	243,612	0	243,612	0
Title I Grants to Local Educational Agencies	84.010	299,931	0	299,931	0
Education Technology State Grants	84.318	2,805	0	2,805	0
Improving Teacher Quality State Grants	84.367	33,340	0	33,340	0
Safe and Drug-Free Schools and Communities - State Grants	84.186	3,358	0	3,358	0
Total U.S. Department of Education		<u>906,814</u>	<u>0</u>	<u>906,814</u>	<u>0</u>
Total Federal Assistance		<u>\$1,049,186</u>	<u>\$9,990</u>	<u>\$1,049,186</u>	<u>\$9,990</u>

The accompanying notes are an integral part of this schedule.

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2010**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

The School reports commodities consumed on the Schedule at the fair value. The School allocated donated food commodities to the respective programs that benefitted from the use of those donated food commodities.

NOTE D - MATCHING REQUIREMENTS

Certain Federal programs require the School to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The School has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



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

Technological College Preparatory World Academy
Hamilton County
6000 Ridge Avenue
Cincinnati, Ohio 45213

To the Board of Directors:

We have audited the financial statements of the Technological College Preparatory World Academy, Hamilton County, Ohio (the School), as of and for the year ended June 30, 2010, which comprise the School's basic financial statements and have issued our report thereon dated August 24, 2012, in which we noted that the School has suffered recurring losses from operations and has a net asset deficiency. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider significant deficiencies in internal control over financial reporting. We consider findings 2010-01, 2010-02 and 2010-03 to be significant deficiencies. 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.

Compliance and Other Matters

As part of reasonably assuring whether the School's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 2010-01 and 2010-03.

We also noted certain matters not requiring inclusion in this report that we reported to the School's management in a separate letter dated August 24, 2012.

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

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



Dave Yost
Auditor of State

August 24, 2012



Dave Yost • Auditor of State

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

Technological College Preparatory World Academy
Hamilton County
6000 Ridge Avenue
Cincinnati, Ohio 45213

To the Board of Directors:

Compliance

We have audited the compliance of the Technological College Preparatory World Academy, 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 each of the School's major federal programs for the year ended June 30, 2010. The *summary of auditor's results* section of the accompanying schedule of findings and questioned costs identifies the School's major federal programs. The School's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the School's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the School's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School's compliance with these requirements.

In our opinion, , the Technological College Preparatory World Academy complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2010.

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 would not necessarily 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.

We also noted a matter involving federal compliance or internal control over compliance that we reported to the School's management in a separate letter dated August 24, 2012.

We intend this report solely for the information and use of management, the Board of Directors, 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
Auditor of State

August 24, 2012

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2010**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Title I – CFDA #84.010
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

FINDING NUMBER 2010-01

Noncompliance / Significant Deficiency

Ohio Revised Code, § 149.351, requires that all records that are the property of the public office concerned shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commission provided for under sections 149.38 to 149.42 of the Revised Code.

During the audit period, monies were removed from daily lunchroom receipts prior to being deposited in the bank. The gross amount received for lunchroom receipts was entered into the School's accounting system (Peachtree), but the deposited amount (net) was entered into the SWOCA system. The difference between lunchroom monies received and deposited totaled \$1,641 for the fiscal year. According to school officials, those monies were used to purchase additional food and supplies. The School provided supporting documentation in the form of receipts for the most of the items they indicated were purchased with the undeposited lunchroom receipts.

Lack of accurate accounting and lack of detailed invoices increases the risk that: the School will not be able document that payments are for proper public purpose; the School will lack documentation of the receipt of goods or services; and theft or fraud will occur and not be detected in a timely manner. We recommend that the School record the gross amount of lunchroom receipts, account for lunchroom related purchases through the School payment process, and maintain detailed invoices as supporting documentation for payments.

The School has amended their policies since this audit period ending June 30, 2010 and now has a reimbursement only policy. If an item needs to be purchased immediately, and would be considered a "petty cash" item, the employee will purchase the item out of pocket and be reimbursed upon turning in the receipt to the treasurer.

Officials' Response:

We have amended our policies since the audit period ending June 30, 2010 and now operate on a reimbursement only policy. The employees will purchase the "petty cash items" using out of pocket monies and are reimbursed upon turning in a receipt to the treasurer.

FINDING NUMBER 2010-02

Significant Deficiency

Purchase Order Request Forms

The School does have a formal written policy for the approval of purchase order requests or purchase order forms used by the School to certify availability of funds for expenditure. Per the policy, there are several key control points. One of those that we tested was the use of the purchase order request forms. The Superintendent is required to sign-off to indicate approval on the purchase order request forms and the purchase order forms. A purchase order request form provides a key internal control necessary to prevent expenditures from being made without the funds being properly set aside.

In fiscal year 2010, none of the transactions (100%) tested included a purchase order request form; thus, a purchase order request form was not approved by the Superintendent.

We recommend the School adopt formal policies and implement procedures for the approval of purchase order request forms and certification of available funds prior to expenditure.

**FINDING NUMBER 2010-02
(Continued)**

Multiple Software Systems

The School uses both the State software system, the Uniform School Accounting System (USAS) and Peachtree Accounting software and employs two individuals to simultaneously post to each system. Both systems require data entry of the same information. The Peachtree Accounting software keeps records on an accrual basis (GAAP) while the USAS system keeps records on a cash basis. The USAS system does have access to Web-GAAP, which provides an accrual system. In addition, the School does not have any documented policies and procedures related to data entry of disbursements or reconciliations between the two accounting systems the School utilizes.

We recommend the School document and implement policies and procedures for data entry, and for reconciliations between the School's two accounting systems. Failure to do this could result in unallowable or unapproved disbursements, or improper entry of receipts or disbursements into the accounting systems, and could result in errors in the financial statements.

Officials' Response:

The school does have a formal written policy for the approval of purchase order requests or purchase order forms. On all purchase orders/purchase requests, including non-reoccurring or non-utility billing purchase orders, the school will adhere to the usage policy. The school will work towards consolidation of accounting systems down to one official system to be kept independently of a general ledger.

FINDING NUMBER 2010-03

Noncompliance / Significant Deficiency

Ohio Revised Code, § 149.351, requires that all records that are the property of the public office concerned shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commission provided for under sections 149.38 to 149.42 of the Revised Code.

We identified 3 of 11 non payroll transactions tested (27%) totaling \$6,282 as not having a detailed invoice. We performed alternative procedures to determine that these disbursements for proper public purposes.

Lack of detailed invoices increases the risk that: the School will not be able document that payments are for proper public purpose; the School will lack documentation of the receipt of goods or services; and theft or fraud will occur and not be detected in a timely manner. We recommend that the School maintain detailed invoices as supporting documentation for payments.

Officials' Response:

The school will maintain detailed invoices showing disbursements to have proper public purposes.

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**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	OAC 117-2-02 maintain accounting records	Yes	Corrected
2009-002	O.R.C. 3314.011 designated fiscal officer; O.R.C. 9.38 daily deposit; O.R.C. 102.03, 2921.42, and 2921.43 personnel policies; and, I.R.S. Reg. 26 C.F.R. 1.6041-1 filing of 1099's	No	Partially Corrected; Reissued as Finding 2010-01
2009-003	Title I charges unsupported	Yes	Corrected
2009-004	FY 2009 Single Audit Report not filed by 3/31/10	No	Not Corrected; FY 2009 report (disclaimer) issued on 8/19/11; FY 2010 report filed 3/16/12

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TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 8, 2012**