



Dave Yost • Auditor of State

**CINCINNATI LEARNING SCHOOL
HAMILTON COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Cincinnati Learning Schools
Hamilton County
5641 Belmont Avenue
Cincinnati, Ohio 45224

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of Cincinnati Learning Schools, Hamilton County, Ohio (the School), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School'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 us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

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 School'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 School's internal control. Accordingly, we express no 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.

We believe the audit evidence we obtained is sufficient and appropriate to support our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cincinnati Learning Schools, Hamilton County, Ohio as of June 30, 2014, and the changes in its financial position and cash flows, thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 15 to the financial statements, the School has suffered a negative change in net position and has a net position deficiency. Note 15 describes Management's plans regarding these matters. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. This matter does not affect our 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 April 20, 2015, 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. 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 School's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

April 20, 2015

**CINCINNATI LEARNING SCHOOLS
HAMILTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2014
(Unaudited)

The management's discussion and analysis of the Cincinnati Learning Schools' (the "School") financial performance provides an overall review of the School's financial activities for the period July 1, 2013 through June 30, 2014. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School's financial performance.

The Management's Discussion and Analysis (the "MD&A") is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 "Basic Financial Statement and Management's Discussion and Analysis - for State and Local Governments" issued in June of 1999. Certain comparative information between the current fiscal year and the prior fiscal year is required to be presented in the MD&A. However, because this is the first fiscal year of financial reporting for the School, comparative prior fiscal year information does not exist. Subsequent reports will include the comparative information.

Financial Highlights

Key financial highlights for the period ended June 30, 2014 are as follows:

- In total, net position was (\$398,713) at June 30, 2014.
- The School had operating revenues of \$1,488,852, operating expenses of \$1,750,776 and non-operating revenues of \$32,121 for the period ended June 30, 2014. Total change in net position for the period ended June 30, 2014 was a decrease of \$229,803.

Using these Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the School's financial activities. The statement of net position and statement of revenues, expenses and changes in net position provide information about the activities of the School, including all short-term and long-term financial resources and obligations.

Reporting the School's Financial Activities

Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows

These documents look at all financial transactions and ask the question, "How did we do financially during 2014?" The statement of net position and statement of revenues, expenses and changes in net position answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School's net position and changes in that position. This change in net position is important because it tells the reader that, for the School as a whole, the financial position of the School has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. These statements can be found on pages 7 and 8 of this report.

The statement of cash flows provides information about how the School finances and meets the cash flow needs of its operations. The statement of cash flows can be found on page 9 of this report.

**CINCINNATI LEARNING SCHOOLS
HAMILTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2014
(Unaudited)

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. These notes to the basic financial statements can be found on pages 11-21 of this report.

The table below provides a summary of the School's net position at June 30, 2014.

(Table 1)
Statement of Net Position

	<u>2014</u>
<u>Assets</u>	
Current assets	\$ 169,259
Capital assets, net	<u>549,988</u>
Total assets	<u>719,247</u>
<u>Liabilities</u>	
Current liabilities	73,669
Non-current liabilities	<u>1,044,291</u>
Total liabilities	<u>1,117,960</u>
<u>Net Position</u>	
Investment in capital assets	549,988
Unrestricted	<u>(948,701)</u>
Total net position	<u>\$ (398,713)</u>

Statement of Net Position

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2014, the School's net position totaled (\$398,713).

At year-end, capital assets represented 76.46% of total assets. Capital assets consisted of equipment. Investment in capital assets at June 30, 2014, was \$549,988. These capital assets are used to provide services to the students and are not available for future spending. Although the School's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

Statement of Revenues, Expenses, and Changes in Net Position

Table 2 shows the changes in net position for fiscal year 2014, as well as a listing of revenues and expenses. Certain comparative information between the current fiscal year and the prior fiscal year is required to be presented in the MD&A. However, because this is the first fiscal year of financial reporting for the School, comparative prior fiscal year information does not exist. Subsequent reports will include the comparative information.

**CINCINNATI LEARNING SCHOOLS
HAMILTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2014
(Unaudited)

The table below shows the changes in net position for the period July 1, 2013 through June 30, 2014.

**(Table 2)
Change in Net Position**

	2014
<u>Operating revenues:</u>	
State foundation	\$ 1,107,450
Sponsor local contributions	380,035
Tuition and fees	40
Other	1,327
Total operating revenues	1,488,852
<u>Operating expenses:</u>	
Salaries	582,802
Fringe benefits	157,934
Purchased services	810,314
Materials and supplies	68,470
Depreciation	101,024
Capital Outlay	5,563
Other operating expenses	24,669
Total operating expenses	1,750,776
<u>Non-operating revenues:</u>	
Intermediate, state and federal grants	32,121
Total non-operating revenues	32,121
Change in net position	(229,803)
Net position at beginning of the period	(168,910)
Net position at end of the period	\$ (398,713)

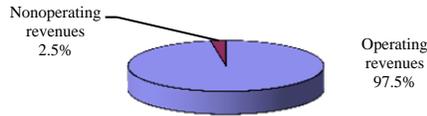
Operating revenues totaled \$1,488,852 during the period July 1, 2013 through June 30, 2014. Operating revenues consist primarily of state foundation revenue of \$1,107,450 which was based on Full Time Equivalent (FTE) of 149 students during fiscal year 2014 and contributions from Cincinnati City School District (the "Sponsor"). Operating expenses totaled \$1,750,776. The main operating expenses of the School consist of purchased services such as professional and technical services and property services such as rent paid for the School's building. The School also had expenses related to salaries and benefits for its employees. Non-operating revenues of the School consist of state and federal grant money received from the USDA Nutrition Program and Title I grant.

The graphs below illustrate the revenues and expenses for the School during the period July 1, 2013 through June 30, 2014.

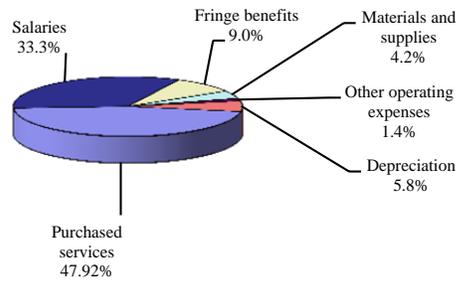
**CINCINNATI LEARNING SCHOOLS
HAMILTON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2014
(Unaudited)**

2014 Revenues



2014 Expenses



Capital Assets

At June 30, 2014, the School had \$549,988 invested in equipment. See Note 6 to the basic financial statements for more detail on capital assets.

Debt Administration

At June 30, 2014, the School had \$1,075,000 in notes payable outstanding. Of this total, \$30,709 is due in one year and \$1,044,291 is due in more than one year. See Notes 5 to the basic financial statements for more detail on debt.

Current Financial Related Activities

The School is sponsored by Cincinnati City School District. The School is reliant upon State Foundation monies and State and Federal Grants to offer quality, educational services to students.

In order to continually provide learning opportunities to the School's students, the School will apply resources to best meet the needs of its students. It is the intent of the School to apply for other State and Federal funds that are made available to finance its operations.

Contacting the School's Financial Management

This financial report is designed to provide our clients and creditors 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 financial information contact Ms. Tracy Jarvis, Treasurer, Cincinnati Learning Schools 5641 Belmont Avenue, Cincinnati, Ohio, 45224.

**CINCINNATI LEARNING SCHOOLS
HAMILTON COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2014

Assets:	
Current assets:	
Equity in pooled cash and cash equivalents	\$ 1,068
Intergovernmental receivable.	86,135
Prepayments	<u>82,056</u>
Total current assets	<u>169,259</u>
Non-current assets:	
Depreciable capital assets, net	<u>549,988</u>
Total non-current assets.	<u>549,988</u>
Total assets.	<u>719,247</u>
Liabilities:	
Current liabilities:	
Accounts payable.	40,425
Accrued wages	257
Intergovernmental payable	2,278
Due within one year.	<u>30,709</u>
Total current liabilities	<u>73,669</u>
Non-current liabilities:	
Notes payable	<u>1,044,291</u>
Total non-current liabilities	<u>1,044,291</u>
Total liabilities	<u>1,117,960</u>
Net position:	
Investment in capital assets.	549,988
Unrestricted (deficit)	<u>(948,701)</u>
Total net position	<u>\$ (398,713)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CINCINNATI LEARNING SCHOOLS
HAMILTON COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE PERIOD JULY 1, 2013 THROUGH JUNE 30, 2014

Operating revenues:	
Foundation payments	\$ 1,107,450
Sponsor local contributions	380,035
Tuition and fees.	40
Other operating revenues	1,327
Total operating revenues	<u>1,488,852</u>
Operating expenses:	
Salaries.	582,802
Fringe benefits.	157,934
Purchased services.	810,314
Materials and supplies	68,470
Capital outlay	5,563
Depreciation	101,024
Other operating expenses.	24,669
Total operating expenses.	<u>1,750,776</u>
Operating loss	<u>(261,924)</u>
Non-operating revenues:	
Intermediate, State and federal grants	<u>32,121</u>
Total non-operating revenues.	<u>32,121</u>
Change in net position	(229,803)
Net position at beginning of the period	<u>(168,910)</u>
Net position at end of the period.	<u><u>\$ (398,713)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CINCINNATI LEARNING SCHOOLS
HAMILTON COUNTY, OHIO**

STATEMENT OF CASH FLOWS
FOR THE PERIOD JULY 1, 2013 THROUGH JUNE 30, 2014

Cash flows from operating activities:	
Cash received from State of Ohio - Foundation	\$ 1,099,877
Cash received from Sponsor for operations	380,035
Cash received from tuition and fees	40
Cash received from other operating revenues	1,327
Cash payments for personal services	(582,802)
Cash payments for fringe benefits	(226,256)
Cash payments for contract services	(770,487)
Cash payments for materials and supplies	(138,960)
Cash payments for other expenses	(41,565)
	<hr/>
Net cash used in operating activities	(278,791)
Cash flows from noncapital financing activities:	
Cash received from intermediate, state and federal grants	23,998
Cash received from proceeds of non capital notes	720,000
	<hr/>
Net cash provided by noncapital financing activities.	743,998
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(537,262)
	<hr/>
Net cash used in capital and related financing activities.	(537,262)
Net decrease in cash and cash cash equivalents	(72,055)
Cash and cash equivalents at beginning of the period	73,123
Cash and cash equivalents at end of the period	\$ 1,068
	<hr/> <hr/>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (261,924)
Adjustments:	
Depreciation	101,024
Changes in assets and liabilities:	
Intergovernmental receivable	(78,012)
Prepayments	(82,056)
Accounts payable.	40,060
Accrued wages	(161)
Intergovernmental payable	2,278
	<hr/>
Net cash used in operating activities	\$ (278,791)
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SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**CINCINNATI LEARNING SCHOOLS
HAMILTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE 1 - DESCRIPTION OF THE SCHOOL

Cincinnati Learning Schools (the "School") is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The School is an approved tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect the School's tax-exempt status. The School, located in Aiken High School in the Cincinnati City School District, sets out to tailor a high-quality education to a complete spectrum of students from all backgrounds and all abilities. The School meets each student at their current level and then builds competency and confidence through hard work and encouragement. High School students at the School are provided with an opportunity to earn college credits through digital coursework that prepares them to take College Level Examination Program (CLEP) exams. Fiscal year 2014 represented the first year of operation of the School as an independent charter school. The School, 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 School may acquire facilities as needed and contract for any services necessary for the operation of the School.

The School was approved for operation under contract with the Cincinnati City School District (the "Sponsor") for a period of five years commencing July 1, 2013 and ending June 30, 2018. The Sponsor is responsible for evaluating the School's performance 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 a self-appointing five member Governing Board (the "Board"). The Board is responsible for carrying out the provisions of the contract with the Sponsor which includes, but is not limited to, State-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The School is staffed by 11 certified teaching personnel, 2 non-certified employees and 1 administrator who provides service to 149 full time equivalent (FTE) students.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the School have been prepared in conformity with accounting principles generally accepted in the United States of America (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 more significant of the School's accounting policies are described below.

A. Basis of Presentation

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

**CINCINNATI LEARNING SCHOOLS
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets, all deferred outflows of resources, all liabilities and all deferred inflows of resources are included on the statement of net position. Equity consists of net total position. The statement of revenues, expenses, and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. Budgetary Process

Unlike other public schools located in the state of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Section 5705, unless specifically provided in the school's contract with its sponsor. The contract between the School and its Sponsor requires a detailed School budget for each year of the contract; however, the budget does not have to follow Ohio Revised Code Section 5705.

The School's Board adopts a formal budget at the beginning of the School year. Spending limits are set based on projected revenue from the State of Ohio and other known sources. The Board's adoption of the budget states that actual expenditures are "not to exceed" budget amounts. The School Principal and Business Manager are responsible for ensuring that purchases are made within these limits.

D. Cash and Investments

All cash the School receives is maintained at a central bank. For purposes of the statement of cash flows and for presentation on the statement of net position, investments with an original maturity of three months or less at the time they are purchased are considered to be cash equivalents.

During fiscal year 2014, cash the School received was maintained in a demand deposit account.

E. Capital Assets and Depreciation

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and disposals during the year. Donated capital assets are recorded at their fair market value as of the date received. The School maintains a capitalization threshold of \$5,000. The School does not have any infrastructure.

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are expensed.

Depreciation of equipment is computed using the straight-line method over estimated useful lives of three to ten years.

**CINCINNATI LEARNING SCHOOLS
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the School. For the School, these revenues are payments from the State foundation program and tuition and fees. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the School. All revenues and expenses not meeting this definition are reported as non-operating.

G. Intergovernmental Revenues

The School currently participates in the State Foundation Program through the Ohio Department of Education, the United States Department of Agriculture (USDA) Nutrition Program and the Title I grant. The District also receives pass through tax money received from the Cincinnati City School District for operating expenses. Revenues received from the State Foundation Program and Cincinnati City School District are recognized as operating revenues in the accounting period in which all eligibility requirements have been met. Revenues received from the remaining programs are recognized as non-operating revenues in the accompanying financial statements. Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. Eligibility includes timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the 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 reimbursement basis. Intermediate, state and federal grant revenue for the fiscal year 2014 was \$32,121.

H. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items on the statement of net position. These items are reported as assets on the statement of net position using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expense is reported in the year in which services are consumed.

I. Estimates

The preparation of basic financial statements in conformity with GAAP 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. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The net position component "investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**CINCINNATI LEARNING SCHOOLS
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

K. Tax Exempt Status

The School has been 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 School's tax exempt status.

L. Economic Dependency

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

NOTE 3 - DEPOSITS

Deposits with Financial Institutions

At June 30, 2014, the carrying amount of all School deposits was \$1,068. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2014, all of the School's bank balance of \$14,934 was covered by the Federal Deposit Insurance Corporation (FDIC).

NOTE 4 - RECEIVABLES

Receivables at June 30, 2014 consisted of intergovernmental grants and entitlements. All intergovernmental receivables are considered collectible in full due to the stable condition of State programs and the current year guarantee of federal funds. A summary of the receivables reported on the statement of net position follows:

Intergovernmental:	
Title I	\$ 8,123
ODE Foundation adjustment	7,573
SERS reimbursement	<u>70,439</u>
Total	<u>\$ 86,135</u>

NOTE 5 - LONG-TERM OBLIGATIONS

Changes in the School's long-term obligations during fiscal year 2014 were as follows:

	<u>Balance</u> <u>07/01/13</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/14</u>	<u>Due Within</u> <u>One Year</u>
Notes payable	\$ 355,000	\$ 720,000	\$ -	\$ 1,075,000	\$ 30,709
Total governmental activities long-term liabilities	<u>\$ 355,000</u>	<u>\$ 720,000</u>	<u>\$ -</u>	<u>\$ 1,075,000</u>	<u>\$ 30,709</u>

**CINCINNATI LEARNING SCHOOLS
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 5 - LONG-TERM OBLIGATIONS - (Continued)

Notes Payable: On October 4, 2013, the School entered into a promissory note with First Financial Bank to borrow a total of \$1,170,000 for school start up costs. The note carries an interest rate of 3.75% and had a final maturity date of May 1, 2018. As of June 30, 2014, only \$1,075,000 of the note had been disbursed to the School.

The following is a summary of the future debt service requirements to maturity for the notes payable:

Fiscal Year Ending <u>June 30,</u>	<u>Notes Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 30,709	\$ 3,732	\$ 34,441
2016	376,850	36,448	413,298
2017	391,342	21,956	413,298
2018	<u>371,099</u>	<u>7,925</u>	<u>379,024</u>
Total	<u>\$ 1,170,000</u>	<u>\$ 70,061</u>	<u>\$ 1,240,061</u>

NOTE 6 - CAPITAL ASSETS AND DEPRECIATION

A summary of the School's capital assets at June 30, 2014, follows:

	<u>Balance 07/01/13</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 06/30/14</u>
<i>Capital assets, being depreciated</i>				
Equipment	\$ 115,000	\$ 537,262	\$ -	\$ 652,262
<i>Total capital assets, being depreciated</i>	<u>115,000</u>	<u>537,262</u>	<u>-</u>	<u>652,262</u>
<i>Less: Accumulated Depreciation</i>				
Equipment	<u>(1,250)</u>	<u>(101,024)</u>	<u>-</u>	<u>(102,274)</u>
<i>Total accumulated depreciation</i>	<u>(1,250)</u>	<u>(101,024)</u>	<u>-</u>	<u>(102,274)</u>
<i>Net Capital Assets</i>	<u>\$ 113,750</u>	<u>\$ 436,238</u>	<u>\$ -</u>	<u>\$ 549,988</u>

NOTE 7 - PURCHASED SERVICES

Purchased services include the following:

Professional and technical services	\$ 469,402
Property services	215,497
Travel mileage/meeting expense	6,224
Communications	61,094
Utilities	30,000
Contracted craft or trade	25,046
Pupil transportation	<u>3,051</u>
Total purchased services	<u>\$ 810,314</u>

**CINCINNATI LEARNING SCHOOLS
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 8 - OPERATING LEASES

The School entered into a lease for fiscal year 2014 with Cincinnati City School District to lease space in Aiken High School located at 5641 Belmont Avenue, Cincinnati, Ohio 45224. The cost of the lease for the period August 21, 2013 through June 30, 2014 was \$196,000 payable in twelve monthly payments.

NOTE 9 - RISK MANAGEMENT

A. Property and Liability

The School is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period August 21, 2013 through June 30, 2014, the School contracted with Great American Insurance Group for general, automobile and excess/umbrella liability insurance. Below are the various coverages for the School:

Personal Property	\$ 190,000	\$1,000 deductible
Blanket Limit of Insurance:		
Each Occurrence	\$ 250,000	
Aggregate	\$ 250,000	
General Liability		
General Aggregate Limit	\$2,000,000	
Products	\$2,000,000	
Personal and Advertising Injury Limit	\$1,000,000	
Each Occurrence Limit	\$1,000,000	
Employee Benefits		
Aggregate Limit	\$2,000,000	\$1,000 deductible
Each Claim Limit	\$1,000,000	
Ohio Stop Gap Employers' Liability	\$1,000,000	
Abuse or Molestation Coverage	\$1,000,000	
Crime and Fidelity	\$ 25,000	\$1,000 deductible
Business Auto Coverage	\$1,000,000	
Equipment Breakdown Coverage	\$ 442,500	\$1,000 deductible

B. Workers' Compensation

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

NOTE 10 - OTHER EMPLOYEE BENEFITS

Employee Medical, Dental, Life and Vision Benefits

The School has contracted with Northern Buckeye Health Plan for medical, dental and vision benefits and MetLife for life insurance benefits to its employees.

**CINCINNATI LEARNING SCHOOLS
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 11 - PENSION PLANS

A. School Employees Retirement System

Plan Description - The School contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor 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 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Employers/Audit Resources".

Funding Policy - Plan members are required to contribute 10 percent of their annual covered 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 care benefits. For fiscal year 2014, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. 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 14 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School's required contributions for pension obligations and death benefits to SERS for the period ended June 30, 2014, was \$7,106; 100 percent has been contributed for the period ended June 30, 2014.

B. State Teachers Retirement System of Ohio

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 members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org, under "Publications".

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.

**CINCINNATI LEARNING SCHOOLS
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 11 - PENSION PLANS - (Continued)

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member 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 2014, plan members were required to contribute 11 percent of their annual covered salaries. The School was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 14 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School's required contributions for pension obligations to STRS Ohio for the period ended June 30, 2014 was \$68,713; 52.25 percent has been contributed for fiscal year 2014. Contributions to the DC and Combined Plans for the period ended June 30, 2014 were \$3,695 made by the School and \$2,904 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2014 certain members of the Board have elected Social Security. The School's liability is 6.2 percent of wages paid.

NOTE 12 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The School participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including 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 Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2014 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Employers/Audit Resources".

**CINCINNATI LEARNING SCHOOLS
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 12 - POSTEMPLOYMENT BENEFITS - (Continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2014, 0.14 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the actuarially determined amount was \$20,250.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The School's contributions for health care (including surcharge) for the fiscal year ended June 30, 2014 was \$76 respectively; 100 percent has been contributed for fiscal year 2014.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2014, this actuarially required allocation was 0.76 percent of covered payroll. The School's contributions for Medicare Part B for the period ended June 30, 2014 was \$412; 100 percent has been contributed for the period ended June 30, 2014.

B. State Teachers Retirement System of Ohio

Plan Description - The School contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org, under "Publications" 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 2014, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School's contributions for health care for the period ended June 30, 2014 was \$5,286; 52.25 percent has been contributed for the period ended June 30, 2014.

**CINCINNATI LEARNING SCHOOLS
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 13 - CONTINGENCIES

A. Grants

The School received financial assistance from State agencies in the form of grants. The expense 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. 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 at June 30, 2014.

B. Litigation

The School is not involved in litigation that, in the opinion of management, would have material effect on the financial statements.

C. State Foundation Funding

The Ohio Department of Education conducts reviews of schools' enrollment data and full-time equivalency (FTE) calculations. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which State foundation funding is calculated. As a result of the review after fiscal year end, the School is due \$7,573 from the Ohio Department of Education. This amount is reflected as an intergovernmental receivable on the basic financial statements.

The Ohio Department of Education (ODE) has identified several community schools and/or STEM schools that made critical data errors between the June payment and the Final #1 payment. As a result, ODE will be running a Final #2 foundation report for community schools and STEM schools for fiscal year 2014. As of the date of this report, a final list of schools impacted and amounts are not yet available, but ODE believes this will result in receivables to the schools affected.

NOTE 14 - SERVICE AGREEMENTS

A. Cincinnati City School District

The School entered into a five-year contract effective on July 1, 2013 and continuing through June 30, 2018 with the Cincinnati City School District (the "Sponsor") for its establishment. The Sponsor shall carry out the responsibilities established by law, including:

- Monitor the School's compliance with applicable laws to the School and with the terms of the Sponsorship Agreement;
- Monitor and evaluate the academic and fiscal performance and the organization and operation of the School on at least an annual basis during the term of the Sponsorship Agreement;
- Report, on an annual basis and by November 30 of each year, the results of the evaluation conducted under the above review (Section 3314.03(D)(2) of the ORC) to the Department of Education and to the parents of students enrolled in the School;
- Provide technical assistance to the School in complying with laws applicable to the School and terms of the Sponsorship Agreement;

**CINCINNATI LEARNING SCHOOLS
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 14 - SERVICE AGREEMENTS – (Continued)

- Take steps to intervene in the School's operation, to the extent reasonable and within available resources to correct problems in the Schools overall performance, declare the School to be on probationary status pursuant to Section 3314.073 of the ORC, suspend the operation of the School pursuant to Section 3314.072 of the ORC, or terminate the Sponsorship Agreement of the School pursuant to Section 3314.07 of the ORC as determined necessary by the Sponsor; and,
- Have in place a plan of action to be undertaken in the event the School experiences financial difficulties or closes prior to the end of a school year.

During the period July 1, 2013 through June 30, 2014, the School made \$226,000 in payments to the Sponsor for rent and utilities.

The Sponsor also agrees to pay an amount to the School for operating expenditures per pupil which equates to 82% of the operating expenditures per pupil. This amount is calculated by taking the total amount of applicable State payments and other nonfederal revenue spent by the School for operating expenses during the previous fiscal year and dividing by the School's average daily membership. During the period July 1, 2013 through June 30, 2014, the Sponsor paid the School \$380,035.

B. Charter School Management Corporation

The School entered into a contract with Charter School Management Corporation (CSMC). CSMC will provide services including:

- Complete external, student reporting including attendance and state reporting school support
- Student Information System (SIS) PowerSchool Premier software roll out, training and support

During the period July 1, 2013 through June 30, 2014, the School made \$18,131 in payments to the CSMC.

C. Carpe Diem Learning Systems

The School entered into a contract with Carpe Diem Learning Systems (CDLS) for management services of the School.

During the period July 1, 2013 through June 30, 2014, the School made \$232,529 in payments to CDLS.

NOTE 15 - NET POSITION DEFICIENCY

At June 30, 2014, the School had a net negative net worth of \$398,713, meaning liabilities were in excess of assets by this amount. This negative net worth status is consistent with the School's business plan projections. Current debt is the result of financing versus seeking donations to cover start up costs. The debt is not the result of unforeseen problems or operation deficiencies. Future enrollments and corresponding revenue are planned to retire this start up debt.

**CINCINNATI LEARNING SCHOOLS
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 16 - STARTUP PERIOD

The School began school operations prior to July 1, 2013. The School received \$355,000 in note proceeds during the startup period. Monies in the amount of \$281,877 were expended for purchased services, salaries, wages and other expenditures.

Net position at the end of the startup period consisted of the following:

Cash	\$ 73,123
Capital assets, net of depreciation	113,750
Accounts payable	(783)
Notes payable	<u>(355,000)</u>
 Total net position at June 30, 2013	 <u>\$ (168,910)</u>



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*

Cincinnati Learning Schools
Hamilton County
5641 Belmont Avenue
Cincinnati, Ohio 45224

To the Board of Directors:

We have audited, 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 Cincinnati Learning Schools, Hamilton County, Ohio (the School) as of and for the year ended June 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated April 20, 2015, wherein we noted the School has suffered a negative change in net position and has a net position deficiency.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the School'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 School's internal control. Accordingly, we have not opined on it.

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

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

Compliance and Other Matters

As part of reasonably assuring whether the School's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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 School's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the School'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

April 20, 2015



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Cincinnati Learning Schools
Hamilton County
5641 Belmont Avenue
Cincinnati, Ohio 45224

To the Board of Education:

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

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Cincinnati Learning Schools (the School) 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 April 20, 2015, we noted the Board has a policy that has not been not adopted an anti-harassment policy. 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. The policy lacks the following required by Ohio Rev. Code Section 3313.666.
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property, on a school bus, or at school-sponsored events and expressly providing for the possibility of suspension of a student found responsible for harassment, intimidation, or bullying by an electronic act;
 - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666, as of the latest amendment;
 - (3) A procedure for reporting prohibited incidents;
 - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;

Corporate Centre of Blue Ash, 11117 Kenwood Road, Blue Ash, Ohio 45242

Phone: 513-361-8550 or 800-368-7419 Fax: 513-361-8577

www.ohioauditor.gov

- (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
- (6) A procedure for documenting any prohibited incident that is reported;
- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

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

This report is intended solely for the information and use of the Board and School'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

Columbus, Ohio

April 20, 2015



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CINCINNATI LEARNING SCHOOLS

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
MAY 12, 2015**