



Dave Yost • Auditor of State

**CINCINNATI STATE STEM ACADEMY
HAMILTON COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Cincinnati State STEM Academy
Hamilton County
3520 Central Parkway
Cincinnati, Ohio 45223

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Cincinnati State STEM Academy, 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 the Cincinnati State STEM Academy, Hamilton County, Ohio, as of June 30, 2014, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

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 May 26, 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 Academy's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

May 26, 2015

**CINCINNATI STATE STEM ACADEMY
HAMILTON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

The intent of this discussion and analysis is to look at the Academy's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Academy's financial performance. The Management's Discussion and Analysis (the MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current fiscal year and the prior fiscal year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key Financial Highlights for the Academy are as follows:

- Total assets were \$111,089
- Total liabilities were \$105,882
- Total net position was \$5,207
- Total operating and non-operating revenues were \$1,198,001 in 2014 compared to \$1,064,623 in 2013. Total operating expenses were \$1,212,103 in 2014 compared to \$1,045,314 in 2013.

USING THIS ANNUAL REPORT

This report consists of three parts: the MD&A, the basic financial statements, and notes to those statements. The basic financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows. The Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position reflect how the Academy did financially during fiscal year 2014. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting includes all of the current year revenues and expenses regardless of when cash is received or paid. These statements report the Academy's net position and changes in the net position. This change in net position is important because it tells the reader whether the financial position of the Academy has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Nonfinancial factors include the Academy's student enrollment, per-pupil funding as determined by the State of Ohio, change in technology, required educational programs and other factors. The Academy uses enterprise presentation for all of its activities.

Statement of Net Position

The Statement of Net Position answers the question of how the Academy did financially during the fiscal year. This statement includes all assets and liabilities, both financial and capital, and short-term and long-term using the accrual basis of accounting and economic resource focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

**CINCINNATI STATE STEM ACADEMY
HAMILTON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

Table 1 provides a summary of the Academy's net position for fiscal year 2014 compared to fiscal year 2013.

Table 1 – Statement of Net Position

	<u>2014</u>	<u>2013</u>	<u>Change</u>
CURRENT ASSETS:			
Cash	\$70,141	\$89,525	\$(19,384.00)
Intergovernmental Receivable	40,948	-	40,948
TOTAL CURRENT ASSETS	<u>111,089</u>	<u>89,525</u>	<u>21,564</u>
LIABILITIES:			
Accrued Salaries and Fringe Benefits	67,177	70,216	3,039
Accounts Payable	38,705	-	(38,705)
TOTAL LIABILITIES	<u>105,882</u>	<u>70,216</u>	<u>(42,488)</u>
NET POSITION:			
Unrestricted	5,207	19,309	(14,102)
TOTAL NET POSITION	<u>\$5,207</u>	<u>\$19,309</u>	<u>\$(14,102)</u>

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2014, the Academy's net position totaled \$5,207. Current assets consist of cash and intergovernmental receivables. Intergovernmental receivable increased due to the timing of when cash was received for services provided in fiscal year 2014. Current liabilities consist of salaries and fringe benefits payable, accounts payable at fiscal year end. Accounts payable increased due to the timing of when invoices for fiscal year 2014 were paid compared to 2013. Management is monitoring the significant decrease in net position.

Change in Net Position

Table 2 shows the changes in net position for fiscal year 2014 compared to fiscal year 2013 as well as a listing of revenues and expenses.

**CINCINNATI STATE STEM ACADEMY
HAMILTON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

Table 2 – Change in Net Position

	<u>2014</u>	<u>2013</u>	<u>Change</u>
OPERATING REVENUES:			
State Foundation Payments	\$957,153	\$1,042,677	(\$85,524)
Other Revenues	7,523	839	\$6,684
NONOPERATING REVENUES AND EXPENSES			
Federal and State Grants	233,325	21,107	212,218
PNC Line of credit	-	25,000	(25,000)
Repayment of PNC line of credit	-	(25,000)	25,000
Total Revenues	<u>\$1,198,001</u>	<u>1,064,623</u>	<u>\$133,378</u>
OPERATING EXPENSES:			
Salaries & Wages	592,515	493,667	(98,848)
Fringe Benefits	253,512	128,116	(125,396)
Purchased Services	196,272	295,932	99,660
Material, Supplies, Textbooks	96,373	100,533	4,160
Other	73,431	27,066	(46,365)
Total operating expenses	<u>1,212,103</u>	<u>1,045,314</u>	<u>(166,789)</u>
CHANGE IN NET POSITION	<u>(14,102)</u>	<u>19,309</u>	<u>(33,411)</u>
NET POSITION- Beginning of year	<u>19,309</u>	<u>-</u>	
NET POSITION - End of year	<u>\$5,207</u>	<u>\$19,309</u>	

The Academy saw a decrease in operating revenues from 2013 to 2014 as the Academy decreased enrollment from 164 students in 2013 to 137 students in 2014. The decrease in student enrollment was mostly due to the reduced number of Federal Job Corp students enrolled at the Academy. Non-operating revenue increased due to additional state & federal grant funds available. The Academy received the additional revenue through reimbursements for operating expenses, which targeted program outcomes. Salaries and wages increased due to the increased salary for new Superintendent and Principal and also because of annual bonuses and COLA increases for staff and administrators. Fringe benefits increased due to increased enrollment in healthcare. Purchased services decreased due to fewer laptops being purchased and the Ohio Department of Education sponsorship fee was reclassified as Other. Other expenses increased due to sponsorship fees being reclassified as Other.

BUDGETING HIGHLIGHTS

Unlike other public Academies located in the State of Ohio, community Academies are not required to follow budgetary provisions set forth in Ohio Rev. Code Chapter 5705 (with the exception section 5705.391 – Five Year Forecasts), unless specifically provided in the Academy's contract with its Sponsor. The contract between the Academy and its Sponsor does prescribe a budgetary process. The Academy must prepare and submit a detail budget for every fiscal year to the Board of Directors and its Sponsor. The five-year forecast is also submitted to the Ohio Department of Education, annually with a semi-annual update.

**CINCINNATI STATE STEM ACADEMY
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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

Short-Term Debt

At fiscal year end, there was no outstanding balance. For more information about the Academy's short term borrowing, see Note 5 of the Basic Financial Statements.

CURRENT FINANCIAL ISSUES

The Academy is a state chartered high school and is funded through the State of Ohio Foundation Program. The Academy relies on this, as well as State and Federal grants, as its primary source of revenue.

CONTACTING THE ACADEMY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the Academy's finances and to demonstrate accountability for the money it receives. If you have questions about this report or need additional information, contact Michael Geoghegan, Treasurer, 3520 Central Parkway, Cincinnati, OH, 45223, email: michael.geoghegan@cincinnatiastate.edu

Cincinnati State STEM Academy

Hamilton County

Statement of Net Position

June 30, 2014

CURRENT ASSETS:

Cash	\$70,141
Intergovernmental Receivable	<u>40,948</u>
TOTAL CURRENT ASSETS	<u><u>111,089</u></u>

LIABILITIES:

Accrued Salaries and Fringe Benefits	67,177
Accounts Payable	<u>38,705</u>
TOTAL LIABILITIES	<u><u>105,882</u></u>

NET POSITION:

Unrestricted	<u>5,207</u>
TOTAL NET POSITION	<u><u>\$5,207</u></u>

See accompanying notes to the basic financial statements

Cincinnati State STEM Academy

Hamilton County

Statement of Revenues, Expenses, and Changes in Net Position

June 30, 2014

OPERATING REVENUES:

State Foundation Payments	\$957,153
Other Revenues	7,523
Total Operating Revenues	<u>964,676</u>

OPERATING EXPENSES:

Salaries & Wages	592,515
Fringe Benefits	253,512
Purchased Services	196,272
Material, Supplies, Textbooks	96,373
Other	73,431
Total operating expenses	<u>1,212,103</u>
Operating Gain(Loss)	<u>(247,427)</u>

NONOPERATING REVENUES AND EXPENSES

Federal & State Grants	<u>233,325</u>
Total Non-operating Revenues	<u>233,325</u>

CHANGE IN NET POSITION (14,102)

NET POSITION- Beginning of year 19,309

NET POSITION - End of year \$5,207

See accompanying notes to the basic financial statements

Cincinnati State STEM Academy

Hamilton County

Statement of Cash Flows

June 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from State of Ohio	\$957,153
Cash received from other revenues	7,523
Cash paid on behalf of the Academy for goods and services	<u>(1,176,436)</u>

Net cash provided by (used for) operating activities (211,760)

CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES:

Federal & State Grants Received	<u>192,376</u>
Net cash provided by noncapital financing activities	<u>192,376</u>

NET CHANGE IN CASH (19,384)

CASH - Beginning of year 89,525

CASH - End of year 70,141

RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES:

Operating Gain (Loss)	(247,427)
Decrease in Accrued Salaries and Fringe Benefits	(3,038)
Increase in Accounts Payable	<u>38,705</u>
Total Adjustment	35,667

NET CASH USED FOR OPERATING ACTIVITIES: (\$211,760)

See accompanying notes to the basic financial statements

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**CINCINNATI STATE STEM ACADEMY
HAMILTON COUNTY**

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

Note 1 – Description of the Academy and Reporting Entity

Cincinnati State STEM Academy (the Academy), is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702 to address the needs of Academy students in grades 9 through 12. The Academy, which is part of the State's education program, is independent of any school district and is non-sectarian in its programs, admission policies, employment practices, and all other operations. The Academy may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the Academy.

The Academy contracts with Southwest Ohio Computer Association (SWOCA) for fiscal accounting support services. SWOCA is a jointly-governed organization.

On September 1, 2012, the Academy entered into a five-year contract with Ohio Department of Education's Office of School Sponsorship (the Sponsor) to be the Academy's sponsor. The contract expiration date is June 30, 2017. The contract is renewed subject to the Sponsor's determination that the Governing Authority of the Academy has satisfactorily complied with the applicable laws and sponsorship contract and that the Academy's progress in meeting the academic goals stated in the sponsorship contract is satisfactory.

The Academy operates under the direction of a six member Board of Trustees (the Board). The Board is responsible for carrying out the provisions of the Sponsor contract, which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Board controls the Academy's instructional/support facility staffed by eight (8) certificated full-time teaching personnel, four (4) certificated administrative personnel and two (2) non-certificated personnel who provided services to 137 students during the fiscal year.

Note 2 – Summary of Significant Accounting Policies

The financial statements of the Academy have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Academy's most significant 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.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources and all liabilities and deferred inflows of resources are included on the Statement of Net Position. The difference between total assets and deferred outflows of resources and liabilities and deferred inflows of resources is defined as net position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The Statement of Cash Flows provides information about how the Academy finances and meets the cash flow needs of its enterprise activities.

**CINCINNATI STATE STEM ACADEMY
HAMILTON COUNTY**

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

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Non-exchange transactions, in which the Academy receives value without directly giving equal value in return, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Academy must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis. Expenses are recognized at the time they are incurred.

C. Budgetary Process

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Section 5705, unless specifically provided in the Academy's contract with its Sponsor. The contract between the Academy and its Sponsor does prescribe an annual budget requirement in addition to preparing a five-year forecast which is to be updated on an annual basis.

D. Cash and Cash Equivalents

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

E. Intergovernmental Revenues

The Academy currently participates in the State Foundation Program which is reflected on the Statement of Revenues, Expenses, and Change in Net Position. Revenues received from these programs are recognized as operating revenue in the accounting period in which all eligibility requirements have been met.

Non-exchange transactions, in which the Academy receives value without directly giving equal in return, include grants, entitlements and contributions. Grants, entitlements and contributions are recognized as non-operating revenues in the accounting period in which the eligibility requirements have been met.

F. Operating and Non-Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly by the Academy's primary mission. For the Academy, operating revenues include revenues paid through the State Foundation Program and Other Unrestricted Grants distributed from the State's proceeds of the tax on gross casino revenue. Operating expenses are necessary costs incurred to support the Academy's primary mission, including salaries, benefits, purchased services, materials and supplies, depreciation and other.

**CINCINNATI STATE STEM ACADEMY
HAMILTON COUNTY**

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

Note 2 – Summary of Significant Accounting Policies (Continued)

Non-operating revenues and expenses are those that are not generated directly by the Academy's primary mission. Various federal and state grants, interest earnings and expense, if any, and contributions comprise the non-operating revenues and expenses of the Academy. Interest and fiscal charges on outstanding obligations, as well as gains or loss on capital asset disposals, if any, comprise the non-operating expenses.

G. Accrued Liabilities Payable

The Academy has recognized certain liabilities on its Statement of Net Position relating to expenses, which are due but unpaid as of fiscal year-end, including: (1) Wages Payable – salary payments made after year-end to instructional, administrative and support staff for services rendered prior to the end of June, but whose payroll continues into the summer months based on the fiscal year 2014 contract. (2) Fringe Benefits - benefits associated with services rendered during fiscal year 2014 that were paid in the subsequent fiscal year. (3) Accounts Payable – invoice(s) for goods and services received as of fiscal year-end, which have not been paid.

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Academy did not have any deferred outflows of resources at fiscal year-end. In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The Academy had no deferred inflows of resources as of fiscal year end.

I. Net Position

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

J. Economic Dependency

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

Note 3 – Deposits and Investments

Custodial credit risk is the risk that in the event of bank failure, the Academy will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks or at member banks of the federal reserve system, in the name of the respective depository and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Academy.

**CINCINNATI STATE STEM ACADEMY
HAMILTON COUNTY**

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

Note 3 – Deposits and Investments (continued)

At June 30, 2014, the carrying amount of the Academy's deposits was \$70,141 and the bank balance was \$104,081. The entire bank balance was covered by federal deposit insurance.

Note 4 – Intergovernmental Receivable

The Academy's receivable balance represents expected future reimbursements from Federal and State agencies for grant expenditures incurred during fiscal year 2014. The Academy recorded \$29,034.09 for Title I and \$11,914.29 for Special Education, Part B-IDEA to intergovernmental receivables as of June 30, 2014.

Note 5 - Short-Term Debt

Cincinnati State STEM Academy entered into a Business Loan Agreement with PNC Bank on September 13, 2012 for a secured revolving line of credit of \$200,000. There were no transactions during fiscal year 2014. There was a zero balance on June 30, 2014. Advances bear interest at the London Interbank Offered Rate (LIBOR) plus 3%. The revolving line of credit was extended from September 13, 2013 to September 13, 2014.

Note 6 – Risk Management

A. Property and Liability - The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year, the Academy contracted with Poignard Associates Inc., for insurance services. Property and general liability insurance coverage was as follows:

Commercial Property Coverage (Coinsurance is 90%; \$1,000 deductible):
Business Personal Property \$100,000

Commercial General Liability:
Per Occurrence \$1,000,000
Aggregate Total \$2,000,000
Products and Completed Operations Aggregate \$2,000,000
Personal and Advertising Injury \$1,000,000
Damage to Rented Premises (each occurrence) \$100,000
Medical Expense (any one person) \$5,000

Commercial Automobile Coverage:
Combined Single Limit – Bodily Injury and Property Damage \$1,000,000

Commercial Crime Coverage:
Employee Dishonesty (\$250,000 limit/\$2,500 deductible)
Forgery and Alteration (\$100,000 limit/\$2,500 deductible)
Computer Fraud (\$100,000 limit/\$2,500 deductible)
Funds Transfer Fraud (\$100,000 limits/\$2,500 deductible)
Personal Accounts Forgery or Alteration (\$100,000 limits/\$2,500 deductible)

Directors and Officers Liability:
Policy Damages Limit of Liability – Aggregate \$1,000,000

**CINCINNATI STATE STEM ACADEMY
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014
(Continued)**

Note 6 – Risk Management (continued)

IEP Hearing Limit of Liability – Aggregate for Claim Expense \$50,000

Desegregation Limit of Liability – Aggregate for Claim Expense \$100,000

Breach of Contract Limit of Liability – Aggregate for Claim Expenses \$100,000

Breach of Fiduciary Duty Limit of Liability – Aggregate for Claim Expenses \$25,000

Each Wrongful Act - \$25,000

Each Employment Practices Violation \$15,000

IEP Hearing \$5,000

Umbrella Policy:

Each Occurrence \$9,000,000

Annual Aggregate \$9,000,000

There were no significant changes in coverage during the year. Settlement amount did not exceed coverage amounts.

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

C. Employee Medical, Dental, Vision, Life, Short Term Disability and Employee Assistance Program Benefits - The Academy carries medical insurance through Humana; the Academy pays 85% of the medical insurance. Dental insurance is provided by Dental Care Plus; the Academy pays 100% of the dental insurance. Vision insurance is provided by Vision Care; the Academy pays 100% of the vision insurance. Short term disability and employee assistance are also provided to the employees; the Academy pays 100% for both. The employee is responsible for the remainder of the premiums. The annual cost of medical, dental, and vision insurance are based on the employee's election of a single or family insurance plan.

Note 7 – Defined Benefit Pension Plans

(a) School Employees Retirement System

Plan Description - The Academy contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer Defined Benefit pension plan. SERS provides retirement, disability, and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of

the Ohio Revised Code. The School Employees Retirement System issues a publicly available, standalone financial report that includes financial statements and required supplementary information. That report can be obtained on SERS' website at www.ohsers.org under Employer/Audit Resources.

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the Academy is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2014, the allocation to

**CINCINNATI STATE STEM ACADEMY
HAMILTON COUNTY**

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

Note 7 – Defined Benefit Pension Plans (continued)

pension and death benefits was 13.10%. The remaining 0.90% of the 14% employer contribution rate was allocated to the Health Care and Medicare B Funds. The Academy's required contributions to SERS for the fiscal year ended June 30, 2013 and 2014 were \$6,595 and \$7,268 respectively; 15% and 15%. The entire amount has been contributed for fiscal year 2013 and 2014.

(b) State Teachers Retirement System

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

Plan Options – New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC plan allows members to allocate all their member contributions and employer contributions equal to 10.5% of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members may transfer to a different STRS Ohio retirement plan during their fifth year of membership. Eligible members who do not make a choice during the reselection period will permanently remain in their current plan.

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

DC Plan Benefits – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump

**CINCINNATI STATE STEM ACADEMY
HAMILTON COUNTY**

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

Note 7 – Defined Benefit Pension Plans (continued)

sum withdrawal. Employer contributions into members' accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Combined Plan Benefits – Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying 1% of the member's final average salary by the member's years of service credit. The defined

benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement.

Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated. Benefits were increased by 3% of the original base amount for DB Plan participants. The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed. A DB or Combined Plan member with five or more years' credited service that becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries. Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 14% for members and 14% for employers. Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2014, were 11% of covered payroll for members and 14% for employers. The Academy's required contributions for pension obligations to the DB Plan for the fiscal year ended June 30, 2013 and 2014 were \$51,430 and \$68,412 respectively; 13% and 14%. The entire amount has been contributed for fiscal year 2013 and 2014.

Note 8 – Post-employment Benefits

(a) School Employees Retirement System

Postemployment Benefits – In addition to a cost-sharing multiple-employer defined benefit pension plan the School Employees Retirement System of Ohio (SERS) administers two postemployment benefit plans. Medicare Part B Plan – The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium.

**CINCINNATI STATE STEM ACADEMY
HAMILTON COUNTY**

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

Note 8 – Post-employment Benefits (continued)

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. SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2014, the actuarially required allocation is .76%. The Academy's contributions for the years ended June 30, 2013 and 2014 were \$49 and \$394, respectively. The entire amount has been contributed for fiscal year 2013 and 2014.

Health Care Plan – ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs,

Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions.

Active members do not make contributions to the postemployment benefit plans. The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. For the year ended June 30, 2014, the health care allocation is .14%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, prorated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the minimum compensation level was established at \$20,250. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The Academy's contributions assigned to health care, including the surcharge, for the years ended June 30, 2013 and 2014 were \$921 and \$211, respectively. The entire amount has been contributed for fiscal years 2013 and 2014. The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status. The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under Employers/Audit Resources.

(b) State Teachers Retirement System

Plan Description - The Academy contributes to the cost-sharing, Multiple Employer Postemployment Benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the Defined Benefit or Combined Pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by calling 1-888-227-7877, or by visiting the STRS Ohio web site at www.strsoh.org.

**CINCINNATI STATE STEM ACADEMY
HAMILTON COUNTY**

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

Note 8 – Post-employment Benefits (continued)

Funding Policy – Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contributions rate, 1% of covered payroll was allocated to post employment health care for year ended June 30, 2014. The 14% employer contribution rate is the maximum rate established.

The Academy's contributions for health care for the fiscal years ended June 30, 2013 and 2014 was \$3,726 and \$4,887 respectively; 1% and 1%. The entire amount has been contributed for fiscal 2013 and 2014.

Note 9 – Contingencies

The Academy received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. The effect of any such disallowed claims on the overall financial position of the Academy at June 30, 2014, if applicable, cannot be determined at this time. However, in the opinion of the Academy, any such disallowed claims will not have a material adverse effect on the financial position of the Academy at fiscal year-end.

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 10 – Contracted Services

The Academy and the College agreed to abide by both the fiscal services & food services contracts through June 30, 2014. The Academy is a party to a fiscal services agreement with Cincinnati State Technical & Community College, where the Academy is co-located. The following are the terms set forth by the contract for fiscal services:

- 1) Cincinnati State Technical & Community College will provide fiscal services for Cincinnati State STEM Academy according to the standards set forth by the Ohio Department of Education and all other required reporting requirements in state and federal law.
- 2) All designated parties will attend all needed training for compliance with all provisions of state and federal law.
- 3) Cincinnati State STEM Academy agrees to provide compensation to Cincinnati State Technical and Community College not to exceed \$50,000.00 in payments.
- 4) Michael Geoghegan will act as the Academy Treasurer and point of contact for all fiscal matters for Cincinnati State STEM Academy under the direction of the Superintendent.
- 5) In this MOU, Cincinnati State Technical & Community College agrees to provide payroll support, tax preparation, audit support, budgets, and any other fiscal services requested by Cincinnati State STEM Academy.

The contract period coincides with the beginning of the school year and the end of the school year anticipated to be September 4, 2012 through June 30, 2013.

**CINCINNATI STATE STEM ACADEMY
HAMILTON COUNTY**

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

Note 10 – Contracted Services (continued)

The Academy has entered into a food services agreement with Cincinnati State Technical and Community College Midwest Culinary Institute to provide the following:
Cincinnati State Technical & Community College Midwest Culinary Institute will provide breakfast and lunches for the students attending Cincinnati State STEM Academy according to the standards set forth in the National School Breakfast and Lunch Program.

- 1) All designated parties will attend all needed training for compliance with all provisions of the National School Breakfast and Lunch Program.
- 2) Cincinnati State STEM Academy agrees to provide compensation for meals provided directly to students each day at the federal reimbursement rate per meal at \$2.86 per lunch and \$1.55 per breakfast.
- 3) Meals will be served in Room 143 Lower Mezzanine
- 4) All menus will be presented to Cincinnati State STEM Academy 30 days in advance of food service to ensure compliance with the National School Breakfast and Lunch Program.

The contract period coincides with the beginning of the school year and the end of the school year anticipated to be September 4, 2012 through July 26, 2013.

Note 11 – Operating Leases – Lessee and Lessor

The Academy entered into a Property Lease Agreement for the building located at 3520 Central Parkway, Cincinnati, OH, 45223 with Cincinnati State Technical & Community College (Lessee). The term of the lease is two years, commencing on August 1, 2012. The annual payments to be made from the Lessee during years one and two are \$50,000.00. The STEM Academy and the College have revised the lease agreement for the fiscal year 2015 requiring only a \$5,000 annual lease payment in return for the STEM Academy serving as a lab for the College’s developmental education, retention and completion programs. The College and STEM Academy agreed to retroactively apply the new lease payments to fiscal year 2014.

Note 12 – Purchased Services

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

Internet Connectivity/Laptops - AT&T	\$ 22,948
Facilities Lease - CSTCC	5,000
Fiscal Services - CSTCC	18,135
Payroll - ADP	5,909
ODE Student/Fiscal Reporting - SWOCA	18,847
Legal Services - Freking & Betz	13,100
Professional Development - Various	3,193
Marketing	13,416
Contracted Services (paraprofessional, psychologist)	40,948
Management Services	12,166
Food Services - CSTCC	35,365
Other	<u>7,246</u>
Total Purchased Services	<u>\$196,272</u>



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

Cincinnati State STEM Academy
Hamilton County
3520 Central Parkway
Cincinnati, Ohio 45223

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 the Cincinnati State STEM Academy, 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 and have issued our report thereon dated May 26, 2015.

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 initial "D".

Dave Yost
Auditor of State

Columbus, Ohio

May 26, 2015

**CINCINNATI STATE STEM ACADEMY
HAMILTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
JUNE 30, 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	<p>The Cincinnati State STEM Academy was cited for noncompliance with Ohio Revised Code Section 2921.42(A) that among other provisions, prohibits a public official from having an interest in the profits of or otherwise benefitting from a public contract with which he/she is connected.</p> <p>The Finding alleges that in violation of the above statute, STEM Board President Dr. O'dell Owens and Vice-President Dr. David Hickey served on the Board during FY13 while they were also officers of Cincinnati State Technical & Community College and voted on four contracts with the College for leased space, Information Technology, Food Services and Fiscal Services. The Finding acknowledges that Dr. Owens and Dr. Hickey either abstained or were absent from the initial vote of these FY 2013 contracts in August 2012.</p>	N/A	<p>After consultation with STEM Academy's Sponsor and Regulating Authority, the Ohio Department of Education's representative, and subsequent agreement by Cincinnati Stem Academy legal counsel, it was decided that Dr. Owens and Dr. Hickey were permitted to serve as board members, but should abstain from voting on issues involving contracts between the College and the Academy. Further, it was understood that those two persons were not and would not be receiving personal benefits with such Board service.</p> <p>Both Dr. Owens and Dr. Hickey were fully aware of their responsibility to abstain from voting on any STEM Academy contracts with the College as evidenced by their initial abstention when these contracts were first brought to a Board vote in August, 2012. The former Superintendent of the STEM Academy was responsible for recording of the Board minutes in FY13 until her resignation in June 2013. We can only surmise that she inadvertently included Dr. Owens and Dr. Hickey when recording the contracts vote as unanimous when in fact they had abstained and the motion was carried by the three other voting members.</p>

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Cincinnati State STEM Academy
Hamilton County
3520 Central Parkway
Cincinnati, Ohio 45223

To the Board of Directors:

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

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

1. In our report dated May 26, 2015, we noted the Board adopted an anti-harassment policy on January 22, 2015. However, this policy did not include all matters required by Ohio Rev. Code 3313.666.
2. The policy did not include the disciplinary procedure for a student who is guilty of harassment, intimidation, or bullying.

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

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

Columbus, Ohio

May 26, 2015

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CINCINNATI STATE STEM 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
JUNE 9, 2015**