



Dave Yost • Auditor of State

**LEADERSHIP ACADEMY OF MATHEMATICS AND SCIENCE OF CINCINNATI
HAMILTON COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Statement of Net Assets – June 30, 2012.....	7
Statement of Revenues, Expenses and Changes in Net Assets For the Year Ended June 30, 2012.....	8
Statement of Cash Flows For the Year Ended June 30, 2012.....	9
Notes to the Basic Financial Statements	11
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	21
Schedule of Findings.....	23
Independent Accountants' Report on Applying Agreed-Upon Procedures	29

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Leadership Academy of Mathematics and Science of Cincinnati
Hamilton County
c/o Ohio Council of Community Schools
3131 Executive Parkway Suite 306
Toledo, Ohio 43606

To the Sponsor:

We were engaged to audit the accompanying basic financial statements of the Leadership Academy of Mathematics and Science of Cincinnati, Hamilton County, Ohio (the School), as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the School's management.

Auditing Standards Section AU-C 580 requires us to obtain written representations from management and, when appropriate, those charged with governance in an audit of financial statements. Management and those charged with governance declined to provide written representations related to the financial statements; completeness of information; and recognition, measurement and disclosure of misstatements, fraud unasserted claims, undisclosed liabilities and violations of laws and regulations.

The School did not maintain supporting documentation for student full-time equivalencies reported to the Ohio Department of Education (ODE); the full-time equivalencies are used by ODE to calculate the School's State Foundation Settlement payments for the amounts shown as State Aid revenue of \$164,170 on the School's Statement of Revenues, Expenses and Changes in Net Assets.

Because of the significance of the matters discussed in the preceding two paragraphs, we were unable to obtain sufficient appropriate audit evidence to support an opinion. Accordingly, we do not express an opinion on these financial statements.

During the year ended June 30, 2012, the School suffered a negative change in net assets and its negative net assets were \$667,279 as of June 30, 2012. As discussed in Note 12, in January, 2012, the Sponsor closed the School and operations ceased. The School was officially closed as of June 30, 2013.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our engagement.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We were unable to apply certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. We do not express an opinion or provide any assurance on the information because we were unable to obtain sufficient evidence to express an opinion or provide any other assurance.

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

September 30, 2015

**THE LEADERSHIP ACADEMY FOR MATHEMATICS
AND SCIENCE OF CINCINNATI**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012
(UNAUDITED)**

The discussion and analysis of The Leadership Academy of Mathematics and Science of Cincinnati (the School), financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the basic financial statements and notes to the basic 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 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. 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 School for the 2011-12 school year are as follows:

- Total assets were \$11,990
- Total liabilities were \$679,269
- Total net assets were \$(667,279)
- Total operating and non-operating revenues were \$165,468. Total operating expenses were \$832,747.

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 Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets, and a Statement of Cash Flows.

The Statement of Net Assets and Statement of Revenues, Expenses, and Changes in Net Assets reflect how the School did financially during fiscal year 2012. 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 School's net assets and changes in those assets. This change in net assets is important because it tells the reader whether 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. Non-financial factors include the School's student enrollment, per-pupil funding as determined by the State of Ohio, change in technology, required educational programs and other factors.

The School uses enterprise presentation for all of its activities.

**THE LEADERSHIP ACADEMY FOR MATHEMATICS
AND SCIENCE OF CINCINNATI**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012
(UNAUDITED)**

Statement of Net Assets

The Statement of Net Assets answers the question of how the School did financially during 2012. This statement includes all assets and liabilities, both financial and capital, and short-term and long-term using the accrual basis of accounting and economic resource focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

Table 1 provides a summary of the School's net assets for fiscal year 2012.

**Table 1
Statement of Net Assets**

	<u>2012</u>
Assets	
Current Assets	\$ 11,990
Total Assets	<u>11,990</u>
Liabilities	
Current Liabilities	<u>679,269</u>
Total Liabilities	679,269
Net Assets	
Unrestricted	<u>(667,279)</u>
Total Net Assets	<u>\$ (667,279)</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2012, the School's net assets totaled \$(667,279).

Current assets represent cash and cash equivalents and accounts receivable. Current liabilities represent intergovernmental payable and amounts owed to the management company at fiscal year-end.

**THE LEADERSHIP ACADEMY FOR MATHEMATICS
AND SCIENCE OF CINCINNATI**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012
(UNAUDITED)**

Statement of Revenues, Expenses and Changes in Net Assets

Table 2 shows the changes in net assets for fiscal year 2012, as well as a listing of revenues and expenses. This change in net assets is important because it tells the reader that, for the School as a whole, the financial position of the School has improved or diminished. The cause of this may be the result of many factors, some financial, some not. Non-financial factors include the current laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

Table 2 – Changes in Net Assets

	<u>2012</u>
Operating Revenue	
State Aid	\$ 164,170
Total Operating Revenues	<u>164,170</u>
Operating Expenses	
Purchased Services	796,055
State Retirement	33,861
Other	2,831
Total Operating Expenses	<u>832,747</u>
Operating (Loss)	(668,577)
Non-Operating Revenues	
Federal Grants	1,298
Total Non-Operating Revenues	<u>1,298</u>
Increase (Decrease) in Net Assets	<u>\$ (667,279)</u>

BUDGETING HIGHLIGHTS

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Chapter 5705 (with the exception section 5705.391 – Five Year Forecasts), unless specifically provided in the community school's contract with its Sponsor.

The contract between the School and its Sponsor does prescribe a budgetary process. The School 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.

DEBT

During the fiscal year, the School received monies from a long-term note from Edison Learning, Inc. in the amount of \$200,000. At fiscal year end, the note had a principal balance due of \$200,000. For more information over the School's debt, see Note 6 of the Basic Financial Statements.

**THE LEADERSHIP ACADEMY FOR MATHEMATICS
AND SCIENCE OF CINCINNATI**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012
(UNAUDITED)**

CURRENT FINANCIAL ISSUES

The School is a community school and is funded through the State of Ohio Foundation Program. The School relies on this, as well as, State and Federal funds as its primary source of revenue.

In January 2012, the Sponsor closed the school and operations ceased.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the School's finances and to demonstrate accountability for the money it receives. If you have questions about this report or need additional information contact the Sponsor, Ohio Council of Community Schools.

**THE LEADERSHIP ACADEMY FOR MATHEMATICS
AND SCIENCE OF CINCINNATI
HAMILTON COUNTY**

**Statement of Net Assets
At June 30, 2012**

Assets

Current Assets:

Cash and Cash Equivalents	\$ 1,819
Accounts Receivable	2,163
Intergovernmental Receivable	<u>8,008</u>

Total Current Assets 11,990

Total Assets \$ 11,990

Liabilities

Current Liabilities:

Intergovernmental Payable	\$ 2,243
Accrued Expenses	1,004
Notes Payable	200,000
Edison Payable	<u>476,022</u>

Total Liabilities \$ 679,269

Net Assets

Unrestricted (667,279)

Total Net Assets \$ (667,279)

See accompanying notes to the basic financial statements

**THE LEADERSHIP ACADEMY FOR MATHEMATICS
AND SCIENCE OF CINCINNATI
HAMILTON COUNTY**

**Statement of Revenues,
Expenses and Changes in Net Assets
For the Year Ending June 30, 2012**

Operating Revenues

State Aid	\$ 164,170
Total Operating Revenues	<u>164,170</u>

Operating Expenses

Purchased Services: Edison Learning	796,055
State Retirement	33,861
Other	2,831
Total Operating Expenses	<u>832,747</u>

Operating (Loss) (668,577)

Non-Operating Revenues

Federal Grants	<u>1,298</u>
Total Non-Operating Revenue	<u>1,298</u>

Change in Net Assets (667,279)

Net Assets, Beginning of Year -

Net Assets, End of Year \$ (667,279)

See accompanying notes to the basic financial statements

**THE LEADERSHIP ACADEMY FOR MATHEMATICS
AND SCIENCE OF CINCINNATI
HAMILTON COUNTY**

**Statement of Cash Flows
For the Fiscal Year Ended June 30, 2012**

<u>Cash Flows from Operating Activities</u>	
Cash Received from State of Ohio	\$ 156,162
Cash Payments to State Retirement Systems	(36,024)
Cash Payments to Suppliers for Goods and Services	(795,639)
	<hr/>
Net Cash (Used for) Operating Activities	(675,501)
<u>Cash Flows from Non-capital Financing Activities</u>	
Cash Received from Federal Grants	1,298
	<hr/>
Net Cash Provided by Non-capital Financing Activities	1,298
<u>Cash Flows from Capital and Related Financing Activities</u>	
Cash Advances from Edison Learning	610,022
Cash Repayments of Edison Learning Advances	(134,000)
Cash Proceeds from Edison Learning Note	200,000
	<hr/>
Net Cash Provided by Capital Financing Activities	676,022
Net Increase in Cash and Cash Equivalents	1,819
Cash and Cash Equivalents, Beginning of Year	-
	<hr/>
Cash and Cash Equivalents, End of Year	\$ 1,819
	<hr/> <hr/>

(Continued)

**THE LEADERSHIP ACADEMY FOR MATHEMATICS
AND SCIENCE OF CINCINNATI
HAMILTON COUNTY**

**Statement of Cash Flows
For the Fiscal Year Ended June 30, 2012
(Continued)**

**RECONCILIATION OF OPERATING LOSS TO NET
CASH (USED FOR) OPERATING ACTIVITIES**

Operating Loss	\$ (668,577)
Changes in Assets and Liabilities:	
(Increase)/ Decrease Accounts Receivable	(2,163)
(Increase)/ Decrease Intergovernmental Receivable	(8,008)
Increase/ (Decrease) Intergovernmental Payable	2,243
Increase/ (Decrease) Accrued Expense	<u>1,004</u>
Net Cash (Used for) Operating Activities	<u>(675,501)</u>

See accompanying notes to the basic financial statements

**THE LEADERSHIP ACADEMY FOR MATHEMATICS
AND SCIENCE OF CINCINNATI
HAMILTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

1. DESCRIPTION OF THE ENTITY

The Leadership Academy for Mathematics and Science of Cincinnati (the School), is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The School's mission is to provide an orderly and supportive environment whereby students experience preparations for college, career and life. The School operates on a foundation, which fosters character building for all students, parents and staff members. 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 a contract with Ohio Council of Community Schools, Inc. ("OCCS") (the Sponsor) for a five year period commencing on July 1, 2011, with automatic renewal unless written. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

The School's contract with the Sponsor required the School to operate under the direction of a Board of Directors (the Board). However, the School never established an official Board. The Board is responsible for carrying out the provisions of the contract which include, but are not limited to, state mandated provisions regarding student populations, curriculum, academic goals, performance standards, admissions standards, and qualifications of teachers. The Board controls the School's instructional and administrative staff.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the School have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental nonprofit organizations. The School also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The more significant of the School's accounting policies are described below.

A. Basis of Presentation

The School's basic financial statements consist of a Statement of Net Assets, a Statement of Revenue, Expenses and Changes in Net Assets, and a Statement of Cash Flows. Enterprise fund reporting focuses on the determination of the changes net assets, financial position and cash flows.

Auditor of State of Ohio Bulletin No. 2000-005 requires the presentation of all financial activity to be reported within one enterprise fund for year-ending reporting purposes. Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprise where the intent is that the cost (expense) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

**THE LEADERSHIP ACADEMY FOR MATHEMATICS
AND SCIENCE OF CINCINNATI
HAMILTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by measurement focus. Under this measurement focus, all assets and all liabilities are included on the balance sheet. The operating statement presents increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting is used 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 Chapter 5705 (with the exception section 5705.391 – Five Year Forecasts), unless specifically provided for in the School's sponsorship agreement. The contract between the School and its Sponsor requires a detailed budget for each year of the contract.

D. Cash and Cash Equivalents

Cash received by the School is reflected as "Cash and Cash Equivalents" on the Statement of Net Assets. The School did not have any investments during the period ended June 30, 2012.

E. Estimates

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

F. Intergovernmental Revenues

The School currently participates in the State Foundation Program. Revenues received from this program are recognized as operating revenues in the accounting period in which all eligibility requirements have been met.

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

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 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.

**THE LEADERSHIP ACADEMY FOR MATHEMATICS
AND SCIENCE OF CINCINNATI
HAMILTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The School also participates in various federal programs passed through the Ohio Department of Education.

Under the above programs the School recorded \$164,170 this fiscal year from the Foundation Program and \$1,298 from Federal grants.

G. Compensated Absences

Vacation is taken in a manner which corresponds with the school calendar; therefore the School does not accrue vacation time as a liability.

Sick/personal leave benefits are earned by full-time employees at the rate of eight days per year and cannot be carried into the subsequent years. No accrual for sick time is made since unused time is not paid to employees upon employment termination.

H. Accrued Liabilities

Obligations incurred but unpaid at June 30 are reported as accrued liabilities in the accompanying financial statements. These liabilities consisted of intergovernmental payable, accrued expense, and notes payable and Edison payable totaling \$679,269 at June 30, 2012.

I. Exchange and Non-Exchange Transactions

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 School receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when 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 expenditures requirements, in which the resources are provided to the School on a reimbursement basis.

J. Net Assets

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use through external restriction imposed by creditors, grantors, or laws and regulations of other governments. The School applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

K. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activities of the School. For the School, these revenues are primarily the State Foundation program. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the School. All revenues and expenses not meeting this definition are reported as non-operating. There were no non-operating expenses reported at June 30, 2012.

**THE LEADERSHIP ACADEMY FOR MATHEMATICS
AND SCIENCE OF CINCINNATI
HAMILTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012
(Continued)**

3. CASH AND CASH EQUIVALENTS

The following information classifies deposits by category of risk as defined in GASB Statement No.3 "Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements," as amended by GASB Statement No.40, "Deposit, and Investment Risk Disclosures".

The School maintains its cash balances at one financial institution, Chase Bank, located in Ohio. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000, per qualifying account. At June 30, 2012, the book amount of the School's deposits was \$1,819 and the bank balance was \$1,819.

The School had no deposit policy for custodial risk beyond the requirement of state statute. Ohio law requires that deposits either be insured or be protected by eligible securities pledged to and deposited either with the School or a qualified trustee by the financial institution as security for repayment or by a collateral pool of eligible securities deposited with a qualified trustee to secure repayment of all public monies deposited in the financial institution whose market value shall be at least 105% of deposits being secured. At June 30, 2012, none of the bank balance was exposed to custodial credit risk.

4. RECEIVABLES

The School has intergovernmental receivables totaling \$8,008 at June 30, 2012. These receivables represented cash revenue earned, but not received as of June 30, 2012.

5. RISK MANAGEMENT

Property & Liability

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year ending June 30, 2012, the School contracted with Lauterbach & Elber, Inc. for nonprofits and maintained general liability insurance with a \$1,000,000 single occurrence limit and \$3,000,000 annual aggregate and a combined policy aggregate coverage for various liability coverage in the amount of \$3,000,000.

6. NOTES PAYABLE

During the fiscal year ending 2012, the School entered into a note agreements with Edison Learning, monies loaned to the School in the amount of \$200,000. The note activity during the year is reflected as follows:

Promissory Note	Balance		Balance	
<u>Amount</u>	<u>July 1, 2011</u>	<u>Increase</u>	<u>Decrease</u>	<u>June 30, 2012</u>
\$200,000	<u>\$ -</u>	<u>\$200,000</u>	<u>\$ 0</u>	<u>\$ 200,000</u>

**THE LEADERSHIP ACADEMY FOR MATHEMATICS
AND SCIENCE OF CINCINNATI
HAMILTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012
(Continued)**

7. DEFINED BENEFIT PENSIONS PLANS

A. School Employees Retirement System (SERS Ohio)

Plan Description – Edison Learning on behalf of the School contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer 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 Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by contacting School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746, or by calling toll free 1-800-878-5853. It is also posted at the SERS' website at www.ohsers.org under Employer/ 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 2011, 11.77 percent and 0.04 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 10 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 fiscal years ended June 30, 2012 were \$3,767, which equaled the required contribution of the year or 100%.

B. State Teachers Retirement System (STRS 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 Web site at www.strsoh.org.

Plan Options - 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.

**THE LEADERSHIP ACADEMY FOR MATHEMATICS
AND SCIENCE OF CINCINNATI
HAMILTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012
(Continued)**

7. DEFINED BENEFIT PENSIONS 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 2012, plan members were required to contribute 10 percent of their annual covered salaries. The Schools 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 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School's required contributions for pension obligations to STRS Ohio for the fiscal year ended June 30, 2012 was \$20,970, which is equal to 100 percent that has been contributed for fiscal year 2012. There were no contributions to the DC and Combined Plans for fiscal year 2012.

8. POST EMPLOYMENT BENEFITS

A. School Employee Retirement System (SERS Ohio)

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 Chapter 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 premium for calendar year 2011 was \$96.40 and 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.

**THE LEADERSHIP ACADEMY FOR MATHEMATICS
AND SCIENCE OF CINCINNATI
HAMILTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012
(Continued)**

8. POST EMPLOYMENT 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 2011, 1.43 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. Statute provides that no employer shall pay a health care surcharge greater than 2.0 percent of the 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 2011, the actuarially determined amount was \$35,800.

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 contribution for health care (including surcharge) for the fiscal year ended June 30, 2012, was \$939; 100 percent has been contributed for fiscal year 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2012, this actuarially required allocation was 0.76 percent of covered payroll. The School's contribution for Medicare Part B for the fiscal year ended June 30, 2012 was \$242; 100 percent has been contributed for fiscal year 2012.

B. State Teachers Retirement System (STRS 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 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 2012, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School's contribution for health care for the fiscal year ended June 30, 2012 was \$1,613; 100 percent has been contributed for fiscal year 2012.

**THE LEADERSHIP ACADEMY FOR MATHEMATICS
AND SCIENCE OF CINCINNATI
HAMILTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012
(Continued)**

9. CONTINGENCIES

A. Grants

The School received financial assistance from federal and state agencies in the form of grants. Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, in the opinion of the School, any such adjustments will not have a material adverse effect on the financial position of the School.

B. Litigation

There are currently no matters in litigation with the School as defendant.

C. Full-Time Equivalency

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

10. SPONSOR CONTRACT

The School contracted with Ohio Council of Community Schools, Inc. (OCCS) as its sponsor and oversight services as required by law. Sponsorship fees are calculated as a three percent of state funds received by the School from the State of Ohio. For the fiscal year ended June 30, 2012, the total sponsorship fees totaled \$4,925, of which \$3,921 was paid by Edison Learning and the balance remains outstanding.

11. AGREEMENT WITH EDISON LEARNING, INC./ PURCHASED SERVICES EXPENSE

On March 11, 2011, the School contracted with Edison Learning, Inc. to provide educational programs that offer educational excellence and educational innovation based on Edison Learning, Inc.'s unique school design, comprehensive educational programs, and management principles. The contract may be renewed for an additional five-year term. Under the contract, Edison Learning, Inc. is responsible and accountable to the School's Board of Directors for the administration, operation, and performance of the School in accordance with the School's contract with OCCS to operate the School. Significant provisions of the contract are as follows:

A. Financial Provisions

1. Management Consulting and Operation Fee

The School is required to remit monthly to Edison Learning, Inc. all qualified gross revenue defined in the contract as "all external source revenue which the School receives and for which the School or its students are eligible from federal or State sources." The following is a summary of current payment activity to Edison Learning, Inc., which included the Notes Payable amount of \$200,000:

Amount due current fiscal year	\$	810,022
Amount remitted current fiscal year		(134,000)
Amount Due to Edison	\$	676,022

**THE LEADERSHIP ACADEMY FOR MATHEMATICS
AND SCIENCE OF CINCINNATI
HAMILTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012
(Continued)**

**11. AGREEMENT WITH EDISON LEARNING, INC./ PURCHASED SERVICES EXPENSE
(Continued)**

2. The School's Financial Responsibility

The School is responsible for initial startup costs and rent. The School is also responsible to pay for legal fees directly related to activities of the Board.

3. Edison Financial Responsibilities

Edison Learning, Inc. is responsible for costs associated with operating the School. Such costs shall include, but shall not be limited to, salaries and benefits, including payroll taxes; pension and retirement; the purchase of curriculum materials, textbooks, computers and other equipment, software, and supplies; insurance premiums, utilities, janitorial services, audit, legal and financial management services related to the operation of the School and repairs and maintenance of the School's facilities, except for capital repair. Edison Learning, Inc. shall equip the School's facilities with desks and other furniture and furnishings and these items are considered property of Edison Learning, Inc. Edison Learning, Inc. must secure and maintain commercial general liability coverage for bodily injury and property damage; educator liability coverage; automobile liability insurance, for, personal injury and property damage; property insurance for facilities; and workers' compensation insurance for employees.

4. Budget

Edison Learning, Inc. shall provide the School with an annual budget, in reasonable detail, by June 30 of each fiscal year for the following fiscal year.

B. Educational Services

Edison Learning, Inc. provides educational services to dropout prevention and recovery schools, in addition to executing the financial responsibilities noted above.

C. Personnel

All personnel working at the School are employees of the School.

D. Agreement Termination

1. Termination by the School

The School may terminate the contract in the event Edison Learning, Inc. materially breaches the contract and Edison Learning, Inc. fails to remedy such breach within 90 days of its receipt of written notice of such breach from the School.

2. Termination by Edison Learning, Inc.

Edison Learning, Inc. may terminate the contract in the event the School materially breaches the contract and the School fails to remedy such breach within 90 days of its receipt of written notice of such breach from Edison Learning, Inc.

**THE LEADERSHIP ACADEMY FOR MATHEMATICS
AND SCIENCE OF CINCINNATI
HAMILTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012
(Continued)**

**11. AGREEMENT WITH EDISON LEARNING, INC./ PURCHASED SERVICES EXPENSE
(Continued)**

E. Edison Learning, Inc. - Purchased Services

For the fiscal year ended June 30, 2012, Edison Learning, Inc. incurred the following expenses on behalf of the School:

Direct Site Expenses:

Salaries and Wages and Benefits	\$264,099
Professional and Technical Services	271,447
Curriculum and Materials	26,118
Property Services	90,225
Other Direct Costs	<u>144,166</u>
Total Expenses	<u>\$796,055</u>

12. SCHOOL CLOSURE

In January 2012, the Sponsor closed the school and operations ceased. The School was officially closed as of June 30, 2013.



Dave Yost • Auditor of State

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

Leadership Academy of Mathematics and Science of Cincinnati
Hamilton County
c/o Ohio Council of Community Schools
3131 Executive Parkway Suite 306
Toledo, Ohio 43606

To the Sponsor:

We were engaged to audit, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Leadership Academy of Mathematics and Science of Cincinnati, Hamilton County, (the School) as of and for the year ended June 30, 2012, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated September 30, 2015, wherein we noted the School suffered losses from operations and had a net position deficiency of \$667,279 as of June 30, 2012 and the Sponsor closed the School and operations were ceased in January, 2012 with official closure effective June 30, 2013 and we also noted the School did not maintain support documentation for student full-time equivalencies reported to the Ohio Department of Education and the full-time equivalencies are used to calculate the School's State Foundation Settlement payments. Management and those charged with governance declined to provide written representations related to the financial statements; completeness of information; and recognition, measurement and disclosure of misstatements, fraud, unasserted claims, undisclosed liabilities and violations of laws and regulations. Therefore, the scope of our auditing procedures was not sufficient to enable us to express an opinion on these financial statements.

Internal Control Over Financial Reporting

As part of our engagement, 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.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the 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. We consider finding 2012-004 described in the accompanying schedule of findings to be a material weakness.

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 instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2012-001 through 2012-005.

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.



Dave Yost
Auditor of State

Columbus, Ohio

September 30, 2015

LEADERSHIP ACADEMY OF MATHEMATICS AND SCIENCE OF CINCINNATI
HAMILTON COUNTY

SCHEDULE OF FINDINGS
JUNE 30, 2012

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

FINDING NUMBER 2012-001

Finding for Recovery

Ohio Rev. Code, Section 3314.03 (A) (11)(d), requires that each contract entered into between a sponsor and the governing authority of a community school shall specify that the school will comply with Section 149.43 of the Ohio Rev. Code. Ohio Rev. Code Section 149.43 (B) provides, in part, that all public records shall be promptly prepared and made available for inspection at all reasonable times during regular business hours. In order to facilitate broader access to public records, public offices shall maintain public records in a manner that they can be made available for inspection in accordance with this division.

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. **Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper Public Purpose** states that the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

Management expended public funds for which original supporting documentation, such as an invoice, was not maintained. For the year ended June 30, 2012, we noted \$875 of expenses that lacked such adequate support. This was attributable to the following cash withdrawals for which no supporting documentation was provided to the School's treasurer.

<u>Date of Withdrawal</u>	<u>Transaction Description</u>	<u>Amount</u>
October 12, 2011	10/12 Withdrawal	\$437.50
December 6, 2011	12/6 Withdrawal	\$437.50
Total:		<u>\$875.00</u>

Without appropriate documentation it is not possible to determine if expenditures included items that would not be considered expended for a proper public purpose. Additionally, the failure to maintain adequate support for revenues and expenditures results in a loss of accountability over the Academy's finances, making it difficult to identify errors which could go undetected, and could result in expenditures that are not for a proper public purpose, or revenue and expenditure transactions that are not properly classified in the financial statements.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public monies illegally expended, is hereby issued against James A. Szabo, Treasurer, an authorized signatory on the School's Chase Bank account, in the amount of \$875 and in favor of the Ohio Department of Education in the amount of \$875.

Officials' Response:

Officials did not submit a substantive response.

FINDING NUMBER 2012-002

Material Noncompliance

Ohio Rev. Code, Section 2921.42(A)(4), provides that no public official shall knowingly have an interest in the profits or benefits of a public contract entered into by or for the use of the political subdivision or governmental agency or instrumentality with which the public official is connected.

A "public official" is defined in Ohio Rev. Code Section 2921.01(A), as any elected or appointed officer, or employee, or agent of the state or any political subdivision, whether in a temporary or permanent capacity, and includes, but is not limited to, legislators, judges, and law enforcement officers.

Ohio Rev. Code, Section 2921.42(C), provides that Ohio Rev. Code, Section 2921.42, does not apply if all of the following four requirements are met:

- Goods or services are necessary;
- Goods or services are part of a continuing course of dealing or unobtainable elsewhere for same or lower cost;
- Preferential or same treatment as others; and
- The transaction is conducted at an arm's length.

Edison Learning, the School's management company, paid all obligations of the School and received reimbursement or accrued liabilities due from the School. According to documentation provided by Edison Learning and the School, the Hope Foundation agreed to provide consulting and support services to the school, sponsor fund-raisers to support the School's programs, recruit students and mentors for scholars and provide professional development opportunities for the Board of Trustees. The School agreed to submit a one-time membership fee of \$20,000 (to be paid in two installments). In addition, the School agreed to allocate 1% of School's total operating revenues to the Hope Foundation.

According to the payment schedule provided, Hope Foundation invoiced the School for one-half of the membership fee totaling \$10,000 in July, 2011. Edison Learning paid the Hope Foundation \$10,000 on behalf of the School on August 30, 2011 and the School was invoiced and reimbursed Edison Learning for all School payments made. The Hope Foundation was created by the School's Chairman Andre Tucker. There is no indication that all of the exceptions identified above apply to this payment.

This matter will be referred to the Ohio Ethics Commission.

Officials' Response:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2012-003

Material Noncompliance

Section B, Part 10 of the Community School Contract between the Ohio Council of Community Schools (OCCS) and the School provides that the Governing Board shall consist of not less than five members and the majority of the members must be comprised of individuals who live or work in the county in which the School is located.

All Governing Board members must be approved by the Sponsor prior to appointment. Any individual under final consideration for appointment to the Governing Board shall have an Ohio and federal background check conducted in the manner described in Section 3319.39 of the Ohio Rev. Code and at least every 5 years thereafter. The results of these background checks shall be provided first to the Governing Board or its counsel and then to the Sponsor.

Upon appointment to the Governing Board, all members must attend at least 8 hours of training conducted by, or an entity pre-approved by, the Sponsor. Meetings of the Governing Board must occur at least 8 times per year in the county in which the School is located.

The School did not formally establish a Governing Board of Directors in accordance with the Contract's requirements. The Sponsor, the Ohio Council of Community Schools (OCCS) suspended operations of the School effective December 22, 2011 and the School did not operate after that date. Due to certain requirements outlined in the contract, the School was not officially placed in closed status until June 30, 2013.

As a result of not having a Board of Directors, the School did not formally establish any written policies, such as, but not limited to:

- Monitoring of financial activity by Management or the Board;
- Employment policies;
- Public Records policies;
- Confidentiality of Personal Information policies;
- Attendance Policies, including a provision for automatically withdrawing students, who without legitimate excuse, fail to participate in 105 consecutive hours of the learning opportunities offered to the student (Section B-21 of the School's Contract with the Sponsor) and policies regarding suspension, expulsion, removal, and permanent exclusion of a student that specifies, among other things, the types of misconduct for which a student may be suspended, expelled, or removed, and the due process related thereto (Section B-22 of the School's Contract with the Sponsor.)

The Board should have established the appropriate policies for the School.

Officials' Response:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2012-004

Material Noncompliance/Material Weakness

Ohio Rev. Code, § 3314.08, and Ohio Admin. Code, § 3301-29-01, require the governing authority of each community school to periodically report the number of students enrolled. Community schools are funded on an annualized per-pupil foundation allocation.

Ohio Rev. Code, Section 3301.0714, provides that each community school is responsible for reporting information to the Ohio Department of Education (ODE), such as students' grades, number of students with disabilities, expulsion, and suspension.

Additionally, Section D-17 of the Community School Contract it provides that the School agrees to grant to Sponsor's employees full and complete access to educational records including all documents, records, reports, databases, and other information made available to or maintained by the School or its agents (including educational management companies) that is reportable to the Ohio Department of Education or its agencies, or to the Ohio Auditor of State. Such information shall include, but is not limited to, the School Options Enrollment System, and the Education Management Information System.

Because of these requirements it was vital that the School have policies and procedures in place to assist management in the ongoing tracking and reporting of student enrollment and attendance, as this information directly affects the amount of State Foundation monies allocated to the School.

We inquired of the Sponsor and were informed the School provided certain student files to the Sponsor upon closure of the School. The files were subsequently distributed to the student's resident district but copies or originals were not maintained by the School or the Sponsor and were not made available to the Ohio Auditor of State.

Because of the lack of documentation, we were unable to ascertain an accurate average daily membership count, as no attendance records were provided for audit.

Since State Foundation revenue is based on student attendance, the accuracy \$164,170 of FY2012 foundation receipts plus accruals could not be verified, and resulted in a qualification of opinion.

Student file deficiencies could affect the School's reported enrollment in the SOES. For example, the School's failure to properly document withdrawal students has a direct effect on the amount of State Foundation allocated to the School, as in those instances the School could be receiving funding for students who have already withdrawn.

The School should have established internal controls which facilitated standard information student files must contain, and periodic review and approval of student files. The School should have also had internal controls in place to ensure accurate reporting of enrollment and attendance levels, which directly affected its foundation allocations received.

Officials' Response:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2012-005

Material Noncompliance

Ohio Admin. Code, § 117-6-07, requires the fiscal officer to execute a bond prior to entering upon the duties of the fiscal officer as provided for in **Ohio Rev. Code, § 3314.011**. The bond amount and surety is to be established by a resolution of the governing authority.

Section B, Part 30 of the Community School Contract between the Ohio Council of Community Schools (OCCS) and School states the School's designated fiscal officer shall carry a bond for this individual school in an amount no less than \$25,000.

The Treasurer, James A. Szabo did not execute a bond in accordance with these requirements.

Officials' Response:

We did not receive a response from Officials to this finding.

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Leadership Academy of Mathematics and Science of Cincinnati
Hamilton County
c/o Ohio Council of Community Schools
3131 Executive Parkway Suite 306
Toledo, Ohio 43606

To the Sponsor:

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 Sponsor, solely to assist the Sponsor in evaluating whether Leadership Academy of Mathematics and Science of Cincinnati (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 Sponsor. 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. We inquired with the School's sponsor regarding the aforementioned policy. They stated the School did not adopt an anti-harassment policy. The School should have adopted a policy as required by Ohio Rev. Code 3313.666.

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 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

September 30, 2015

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

This page intentionally left blank.



Dave Yost • Auditor of State

**LEADERSHIP ACADEMY FOR MATHEMATICS AND SCIENCE OF CINCINNATI
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
OCTOBER 20, 2015**