



Dave Yost • Auditor of State

**CINCINNATI COLLEGE PREPARATORY ACADEMY
HAMILTON COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Cincinnati College Preparatory Academy
Hamilton County
1425 Linn Street
Cincinnati, Ohio 45214

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Cincinnati College Preparatory Academy, Hamilton County, Ohio (the Academy), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We did not audit the financial statements of the West End Cincinnati Victory Partners, LLC (LLC), a joint venture in which the Academy has an equity interest; the Academy reports their portion of the LLC Members' Capital as an Investment in LLC, and the change in Members' Capital as an Increase (Decrease) in Investment in LLC on the accompanying financial statements. This Investment in LLC balance represents 11.8 percent of total assets and the Increase in Investment in LLC represents an .6 percent of total operating revenues. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amount included for the Investment in LLC and the Increase in Investment in LLC, is based solely on the report of other auditors. 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. The other auditors audited the financial statements of the West End Cincinnati Victory Partners, LLC in accordance with auditing standards generally accepted in the United States of America and not in accordance with *Government Auditing Standards*.

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

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

Opinion

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the Cincinnati College Preparatory Academy, Hamilton County, Ohio, as of June 30, 2013, and the changes in financial position and cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 16 to the financial statements, the Academy restated opening balances associated with capital assets, long-term debt, and the Investment in LLC. We did not modify our opinion regarding this matter.

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 and the other auditors 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.

Supplementary and Other Information

Our audit was conducted to opine on the Academy's basic financial statements taken as a whole.

The Schedule of Federal Awards Receipts and Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The statement is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected the schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2017, on our consideration of the Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State

Columbus, Ohio

April 13, 2017

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Cincinnati College Preparatory Academy
Hamilton County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

The discussion and analysis of the Cincinnati College Preparatory Academy, Hamilton County, Ohio (the Academy) financial performance provides an overall review of the Academy's financial activities for the year ended June 30, 2013. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole; readers should also review the notes to the basic financial statement and financial statements to enhance their understanding of the Academy's financial performance.

Financial Highlights

- For fiscal year 2013 assets exceeded liabilities by \$3,765,191.
- The Academy derived 96 percent of their revenues through federal and state programs.
- Salaries and benefits accounted for 64 percent of the \$6,436,573 in operating expenses for fiscal year 2013.
- The Academy saw the long term liabilities decrease by \$728,587 in fiscal year 2013 as the Academy paid down debt.

Using this Annual Financial Report and Overview of Financial Statements

This annual report consists of three components: the management discussion and analysis, 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 presents information on all the Academy's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Academy is improving or deteriorating.

The statement of revenues, expenses and changes in net position presents information showing how the Academy's net position changed during the most recent fiscal year.

The statement of cash flows presented the sources and uses of the Academy's cash and how it changed during the most recent fiscal year.

Cincinnati College Preparatory Academy
Hamilton County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

Table 1 provides a summary of the Academy's net position for restated fiscal year 2012 compared to fiscal year 2013.

Table 1
Net position

	2013	2012 Restated	Change
Assets			
Current assets	\$862,057	\$126,666	\$735,391
Investment in LLC	898,915	862,326	36,589
Capital assets, net	5,816,190	6,201,089	(384,899)
<i>Total assets</i>	<u>7,577,162</u>	<u>7,190,081</u>	<u>387,081</u>
Liabilities			
Current liabilities	1,745,769	1,855,158	(109,389)
Long term liabilities	2,066,202	2,665,778	(599,576)
<i>Total liabilities</i>	<u>3,811,971</u>	<u>4,520,936</u>	<u>(708,965)</u>
Net position			
Net investment in capital assets	3,150,412	2,806,724	343,688
Unrestricted	614,779	(137,579)	752,358
<i>Total net position</i>	<u>\$3,765,191</u>	<u>\$2,669,145</u>	<u>\$1,096,046</u>

The Academy saw current assets increase significant as the Academy had a large intergovernmental receivable for two federal programs in 2013. The Academy's cash balance also increased over the prior year by \$395,497. The Academy saw the capital asset decrease as there were very few assets added but the current year depreciation reduced the balance.

The current liabilities increased slightly although the amount reported for accrued wages decreased with the Academy being current on benefit payments unlike fiscal year 2012 but had a payable to CCPA East for 2013. The long term liabilities decreased as the Academy paid down the bank loans/mortgages.

These items contributed to the Academy's net position flipping from a large deficit to a healthy positive balance.

Cincinnati College Preparatory Academy
Hamilton County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

Table 2 shows the change in net position for the year ended 2013 compared to fiscal year 2012.

Table 2
Change in Net position

	<u>2013</u>	<u>Restated 2012</u>	<u>Change</u>
Revenues			
Operating revenues:			
Foundation payments	\$5,846,238	\$5,472,049	\$374,189
Rental	217,236	189,697	27,539
Charges for services	28,218	155,340	(127,122)
Other operating revenues	42,868	0	42,868
Non-operating revenues:			
Federal and state grants	1,504,200	1,397,085	107,115
Gain on Investment in LLC	36,589	0	36,589
Total revenues	<u>7,675,349</u>	<u>7,214,171</u>	<u>461,178</u>
Expenses			
Operating expenses:			
Salaries	3,202,152	2,905,471	296,681
Fringe benefits	915,518	1,086,000	(170,482)
Purchased services	1,274,779	1,559,361	(284,582)
Materials and supplies	245,793	1,089,277	(843,484)
Depreciation	394,007	234,371	159,636
Other expenses	404,324	423,716	(19,392)
Non-Operating Expenses:			
Interest and fiscal charges	142,730	0	142,730
Total Expenses	<u>6,579,303</u>	<u>7,298,197</u>	<u>(718,894)</u>
Change in Net position	1,096,046	(84,026)	<u>\$1,180,072</u>
Restated Beginning Net position	<u>2,669,145</u>	<u>2,322,639</u>	
Ending Net position	<u>\$3,765,191</u>	<u>\$2,238,613</u>	

The Academy saw total revenues increase from 2012 to 2013 as the foundation revenue increased as the Academy although the FTE counts held constant between the years. The Academy recognized more in federal and state grants partially because of the receivable but also additional funds were received. The Academy also saw total expenses decrease by over nine percent although salaries increased. The purchase services decreased based on the paying down outstanding payables from prior year and adjusting some of the outsourced services. The

Cincinnati College Preparatory Academy
Hamilton County

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

materials and supplies dropped as the Academy spent a significant amount preparing for the additional students in the prior year.

Capital Assets

At the end of 2013, the Academy had \$5,816,190 (net of \$2,263,472 in accumulated depreciation) invested in land, buildings, building improvements, furniture, and equipment. Table 3 shows the fiscal year 2013 balances compared to fiscal year 2012:

Table 3
Capital Assets at June 30 (net)

	<u>2013</u>	<u>Restated 2012</u>	<u>Change</u>
Building and Improvements	\$5,449,977	\$5,704,947	(\$254,970)
Furniture and Equipment	355,632	471,809	(116,177)
Vehicles	<u>10,581</u>	<u>24,333</u>	<u>(13,752)</u>
Totals	<u>\$5,816,190</u>	<u>\$6,201,089</u>	<u>(\$384,899)</u>

For more information on the Academy's capital assets refer to note 5 of the notes to the financial statements.

Debt

At June 30, 2013, the Academy had three building loans, a term loan, ymca payable, bramble payable and capital leases that totaled of \$2,665,778. The Academy paid down \$642,437 of principal on the non-lease obligations. For more information on the Academy's debt refer to Note 7 of the notes to the financial statements.

Current Financial Issues

The Academy continues to increase enrollment annually. The Academy received funding in 2013 based on 826 FTE students, constant with the final 2012 foundation report. The Academy receives its finances mostly from state aid. As of the November 2013 foundation report, the Academy is now being funded at 955 FTE students.

Contacting the Academy's Financial Management

This financial report is designed to provide a general overview of the Academy's finances and to show the Academy's accountability for the money it receives. If you have questions about this report or need additional information contact the Superintendent of the Academy, 1425 Linn Street, Cincinnati, Ohio 45214 or call (513) 684-0777.

**Cincinnati College Preparatory Academy
Hamilton County
Statement of Net Position**

June 30, 2013

Assets:

Current assets:

Cash and cash equivalents	\$ 462,822
Accounts receivable	13,495
Intergovernmental receivable	<u>385,740</u>
Total current assets	<u>862,057</u>

Noncurrent assets:

Investment in LLC	898,915
Depreciable Capital assets	<u>5,816,190</u>
Total noncurrent assets	<u>6,715,105</u>

Total Assets 7,577,162

Liabilities:

Current liabilities

Accounts payable	534,337
CCPA East payable	250,000
Accrued wages and benefits payable	361,856
Lease payable - Current	80,589
YMCA debt payable - Current	124,444
Current portion of long term debt	<u>394,543</u>
Total current liabilities	<u>1,745,769</u>

Long-Term Liabilities

Lease payable less current portion	55,601
Long term debt less current portion	<u>2,010,601</u>
Total long-term liabilities	<u>2,066,202</u>

Total Liabilities 3,811,971

Net Position

Net investment in capital assets	3,150,412
Unrestricted	<u>614,779</u>

Total Net Position \$ 3,765,191

See accompanying notes to the basic financial statements

**Cincinnati College Preparatory Academy
Hamilton County
Statement of Revenues, Expenses and Changes in Net Position**

For the Fiscal Year Ended June 30, 2013

Operating Revenues:	
Foundation payments	\$ 5,846,238
Rental	217,236
Charges for services	28,218
Other operating revenues	<u>42,868</u>
Total operating revenues	<u>6,134,560</u>
Operating Expenses:	
Salaries	3,202,152
Fringe benefits	915,518
Purchased services	1,274,779
Materials and supplies	245,793
Depreciation	394,007
Other operating expenses	<u>404,324</u>
Total operating expenses	<u>6,436,573</u>
Operating Loss	<u>(302,013)</u>
Non-Operating Revenues and Expenses:	
Federal and State grants	1,504,200
Gain on the Investment in LLC	36,589
Interest and fiscal charges	<u>(142,730)</u>
Total non-operating revenues and expenses	<u>1,398,059</u>
Change in net position	1,096,046
Net position at beginning of year (restated)	<u>2,669,145</u>
Net position at end of year	<u><u>\$ 3,765,191</u></u>

See accompanying notes to the basic financial statements

**Cincinnati College Preparatory Academy
Hamilton County
Statement of Cash Flows**

For the Fiscal Year Ended June 30, 2013

Decrease in cash and cash equivalents

Cash flows from operating activities:

Cash received from State of Ohio - Foundation	\$ 5,846,238
Cash received from rental activity	205,546
Cash received from materials and fees and other charges for services	29,281
Cash received from other operating revenues	42,664
Cash payments for personal services	(4,282,446)
Cash payments for contract services	(1,322,377)
Cash payments for supplies and materials	(201,601)
Cash payments for other expenses	<u>(416,490)</u>
Net cash used for operating activities	<u>(99,185)</u>

Cash flows from noncapital financing activities:

Cash received from state and federal grants	1,176,108
Pass through contributions from CCPA East	<u>250,000</u>
Net cash provided by noncapital financing activities	<u>1,426,108</u>

Cash flows from capital and related financing activities:

Acquisition of Capital Assets	(9,108)
Principal paid on debt obligations	(728,587)
Interest paid on debt obligations	<u>(193,730)</u>
Net cash used by capital and related financing activities	<u>(931,425)</u>

Cash flows from investing activities:

Net change in cash and cash equivalents	395,498
Cash and Cash Equivalents at beginning of year	<u>67,324</u>
Cash and Cash Equivalents at end of year	<u><u>462,822</u></u>

Reconciliation of operating loss to net cash used for operating activities:

Operating loss	(302,013)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	394,007
Change in assets and liabilities:	
Increase in accounts receivable	(11,802)
Decrease in accounts payable	(150,075)
Decrease in accrued wages and benefits	<u>(29,302)</u>

Net cash used for operating activities \$ (99,185)

See accompanying notes to the basic financial statements

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**Cincinnati College Preparatory Academy
Hamilton County**

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

1. DESCRIPTION OF THE REPORTING ENTITY

Cincinnati College Preparatory Academy, Hamilton County, Ohio (the Academy), is a nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to address the needs of students in grades kindergarten through twelfth. The Academy, which is part of the State's education program, is dependent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The Academy may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the school.

Cincinnati College Preparatory Academy qualifies as an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect the Academy's tax exempt status.

The Academy was approved for operation commencing July 1, 1999. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration. The Academy currently has a sponsorship agreement with Kid's Count of Dayton, Inc.

The Academy operates under the direction of a five-member Board of Directors. The Board of Directors is responsible for carrying out the provisions of the contract which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Board of Directors controls the Academy's two instructional/support facilities staffed by certified full time teaching personnel who provide services to 826 students.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Cincinnati College Preparatory Academy
Hamilton County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation

The Academy's basic financial statements consist of a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows. The Academy uses enterprise accounting to track and report on its financial activities. Enterprise fund reporting focuses on the determination of the change in net position, financial position and cash flows.

B. Measurement Focus and Basis of Accounting

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (e.g. revenues) and decreases (e.g. expenses) in net total assets. The statement of cash flows reflects how the Academy finances and meets its cash flow needs.

C. Budgetary Process

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided in the contract between the Academy and 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 Investments

All monies received by the Academy are accounted for by the Academy's treasurer. All cash received is maintained in accounts in the Academy's name. Monies for the Academy are maintained in bank accounts or temporarily used to purchase short-term investments.

For presentation on the financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the Academy are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

**Cincinnati College Preparatory Academy
Hamilton County**

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Capital Assets and Depreciation

Capital Assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Academy maintains a capitalization threshold of one thousand dollars. The Academy does not possess any infrastructure.

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

All reported capital assets except land are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Building and Improvements	1-50 years
Furniture and Equipment	5 years
Vehicles	5 years

F. Intergovernmental Revenues

The Academy currently participates in the State Foundation Program, State Special Education Program and the Poverty Based Assistance Program. Revenues from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements are met.

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

Amounts awarded under grants and entitlements for the year ended June 30, 2013 totaled \$7,350,438.

**Cincinnati College Preparatory Academy
Hamilton County**

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Net position

Net position represents the difference between assets and liabilities. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisitions, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Academy applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

H. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the certain reported amounts disclosure. Accordingly, actual results may differ from those estimates.

I. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activities. For the Academy, these revenues are primarily the State Foundation program, the State Special Education program and specific charges to the students or users of the Academy. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the Academy. Revenues and expenses not meeting this definition are reported as non-operating.

3. DEPOSITS AND INVESTMENTS

At June 30, 2013, the carrying amount of the Academy's deposits was \$462,822 and the bank balance was \$466,218. \$216,128 of the bank balance was not covered by Federal Depository Insurance Corporation (FDIC).

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 percent 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 College Preparatory Academy
Hamilton County**

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

3. DEPOSITS AND INVESTMENTS (continued)

The Academy had no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Academy 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 and pledged to secure the repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secure.

4. RECEIVABLES

Receivables at June 30, 2013, primarily consist of intergovernmental receivables arising from grants, entitlement and shared revenues. All receivables are considered collectable in full. A summary of the principal items of receivables follows:

Intergovernmental	Amount
Casino Shared Revenues	\$21,983
Title VI-B Grant	9,137
Title I Grant	354,620
	\$385,740

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013:

	Restated Balance 6/30/12	Additions	Deductions	Balance 6/30/13
Capital Assets Being Depreciated				
Building and Improvements	\$6,897,850	\$0	\$0	\$6,897,850
Furniture and Equipment	1,038,586	9,108	0	1,047,694
Vehicles	134,118	0	0	134,118
Total Capital Assets Being Depreciated	8,070,554	9,108	0	8,079,662
Less Accumulated Depreciation				
Building and Improvements	(1,192,903)	(254,970)	0	(1,447,873)
Furniture and Equipment	(566,777)	(125,285)	0	(692,062)
Vehicles	(109,785)	(13,752)	0	(123,537)
Total Accumulated Depreciation	(1,869,465)	(394,007)	0	(2,263,472)
Capital Assets, Net	\$6,201,089	(\$384,899)	\$0	\$5,816,190

**Cincinnati College Preparatory Academy
Hamilton County**

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

6. INVESTMENT IN LIMITED LIABILITY COMPANY (LLC)

West End Cincinnati Victory Partners, LLC, Inc. (Company) is an Ohio limited liability company organized in 2005 under the laws of the State of Ohio to acquire, develop, and improve real estate located in Cincinnati, Ohio for the functional use of its members. The Company was formed by the Academy and the Young Men's Christian Association of Greater Cincinnati (YMCA). Both members are tax-exempt organizations under Section 501 (c) (3) of the Internal Revenue Code.

Based on the Company's operating agreement and the initial capital contributions, CCPA has 75 membership units and the YMCA has 25 membership units. Additional capital contributions were required under the operating agreement to fund the development and improvements to the real estate. Annually, the members, subject to mutual agreement, contribute additional capital to the Company based on operation needs in proportion to their membership units.

The Company will continue to operate until the sale or disposition of the assets of the Company unless terminated earlier according to the terms of the operating agreement.

The Academy accounts for the Company as an equity interest in a joint venture. The Academy's equity interest in the Company is reported in the statement of net position, and the Academy's share of the Company's change in net position is reported in the statement of revenues, expenses and changes in net position.

The YMCA is the managing partner of the Company. The Academy has reported an accounts payable of \$117,402 for their respective share of obligations paid by the YMCA during the year. The Academy also initially funded the Company through an entity contribution of \$750,750 and seen the balance grow to \$1,325,806. The Academy also has an operating deficit of (\$426,891) in the Company resulting in an investment of \$898,915.

7. DEBT

The Academy has the following outstanding long term obligations as of June 30, 2013.

Description	Restated Balance 06/30/12	Additions	Deletions	Balance 06/30/13	Due Within One Year
(a) Building Loan	\$413,577	\$0	\$70,743	\$342,834	\$65,302
(b) Building Loan	705,166	0	28,997	676,169	29,255
(c) Building Loan	671,752	0	22,621	649,131	24,976
(d) Term Loan	150,663	0	99,253	51,410	51,410
(e) YMCA Payable	221,667	0	97,223	124,444	124,444
(f) Bramble Payable	400,000	0	200,000	200,000	100,000
(g) West End Health Center	609,200	0	123,600	485,600	123,600
(h) Capital Leases	222,340	0	86,150	136,190	80,589
Total	<u>\$3,394,365</u>	<u>\$0</u>	<u>\$728,587</u>	<u>\$2,665,778</u>	<u>\$599,576</u>

Cincinnati College Preparatory Academy
Hamilton County

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

7. DEBT (continued)

- (a) In August 2003, the Academy purchased a building at 1425 Linn Avenue and entered into a mortgage loan for \$790,000 to finance the purchase. The loan is amortized over eighteen years and carries a fixed 3.75% interest rate.
- (b) In April 2011, the Academy purchased a building at 1515 Linn Avenue and entered into a mortgage loan for \$734,175 to finance the purchase. The loan is amortized over eighteen years and carries a fixed 6.25% interest rate.
- (c) In December 2009, the Academy entered in a construction loan for purchase and renovation to the original building at 1515 Linn Avenue and entered into a mortgage loan for \$734,175 to finance the purchase. The loan is amortized over nineteen years and carries a fixed 7.15% interest rate.
- (d) In February 2010, the Academy entered into a term loan for \$163,333 to finance expenses associated with the renovations and furnishing of the high school building. In February 2011, the Academy entered into another term loan for expenses for the same purpose. The loans are amortized over a four year term at a 5.5% interest rate.
- (e) In April 2004, the Academy signed a note payable for \$700,000 to it's co-investor in the LLC (YMCA payable) for leasehold improvements to the building which the LLC owns. The note is non-interest bearing with equal quarterly installments beginning in August 2007.
- (f) In October 2010, the Academy entered into an agreement with Bramble Investments LLC for the purchase of the building at 4324 Homer Avenue. The Academy paid an initial \$100,000 with the \$400,000 balance financed over a four year period. The payments are interest only through November 2012 with \$100,000 due in October 2012 and 2013 and the balance in October 2014. The loan carries an 8% interest rate on the outstanding balance. The CCPA East paid \$250,000 during fiscal year 2013 on behalf of the Academy. The payment is reported as a payable to CCPA East on the statement of net position.
- (g) In March 2011, the Academy into a lease purchase agreement for 1413 Linn Street. The Academy pays \$10,300 monthly towards the principal balance with the difference in maximum rental payment being applied to the actual interest expense on other mortgages held by the West End Health Center. The lease has a final maturity date of April 30, 2017.
- (h) In July 2011, the Academy entered into a capital lease with Hewlett-Packward for the purchase of computer equipment. The lease is for five years and carries an implicit interest rate of 4.94%. The Academy also has capital leases with GE Capital and US Bank Equipment Finance for copiers and computer equipment.

**Cincinnati College Preparatory Academy
Hamilton County**

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

7. DEBT (continued)

Estimated principal and interest requirements to retire long term debt, including notes and loans outstanding at June 30, 2013 are as follows:

Fiscal Year Ending June 30,	Long Term Payables		
	Principal	Interest	Total
2014	\$568,987	\$99,622	\$668,609
2015	135,259	92,595	227,854
2016	527,244	86,161	613,405
2017	131,504	79,453	210,957
2018	136,058	72,450	208,508
2019-2023	450,237	272,528	722,765
2024-2028	577,915	101,074	678,989
2029	2,384	14	2,398
Total	\$2,529,588	\$803,897	\$3,333,485

8. CAPITAL LEASES PAYABLE

In prior years, the Academy entered into capital leases for apple computers, copiers and other equipment totaling \$345,156. The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, Accounting for Leases, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenses on the financial statements. These expenses are reflected as program expenses on a budgetary basis. Principal payments in fiscal year 2013 totaled \$86,150 and interest payments of \$4,383.

The following is a schedule of the future minimum lease payments required under the capital leases as of June 30, 2013:

Fiscal Year Ending June 30,	Capital Leases Payable		
	Principal	Interest	Total
2014	\$80,589	\$1,859	\$82,448
2015	21,190	56	21,246
2016	13,298	0	13,298
2017	13,298	0	13,298
2018	7,815	0	7,815
Totals	\$136,190	\$1,915	\$138,150

**Cincinnati College Preparatory Academy
Hamilton County**

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

9. 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. For the year ended 2013, the Academy contracted with the O'Neil Group for general liability, property and educational errors and omissions insurance. Coverage provided includes the following with a \$1,000 deductible in total:

General Liability (no deductible):	
Per occurrence	\$1,000,000
Total per year	2,000,000
Building and Contents	1,000,000
Boiler and Machinery	1,000,000
Business Personal Property	1,000,000
Educational Errors and Omissions	1,000,000

Settled claims have not exceeded coverage in the past three years. There has been no significant change in coverage from last year.

B. Worker's Compensation

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

10. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

Plan Description - The Academy contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under Employers/Audit Resources.

**Cincinnati College Preparatory Academy
Hamilton County**

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

10. DEFINED BENEFIT PENSION PLANS (continued)

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and 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, 2013, the allocation to pension and death benefits is 13.10%. The remaining 0.90% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The Academy's contributions to SERS for the years ended June 30, 2013, 2012, and 2011 were \$97,346, \$124,060, and \$111,866, respectively; 100 percent has been contributed for fiscal years 2013, 2012 and 2011.

B. State Teachers Retirement System

Plan Description - The Academy participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community 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 (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 plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DCI 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 will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

**Cincinnati College Preparatory Academy
Hamilton County**

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

10. DEFINED BENEFIT PENSION PLANS (continued)

DB Plan Benefits - Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) live years of service credit and attained age 60; (ii) 25 years of service credit an 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, 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-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 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 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 of \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

**Cincinnati College Preparatory Academy
Hamilton County**

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

10. DEFINED BENEFIT PENSION PLANS (continued)

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

The Academy's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012, and 2011 were \$292,061, \$263,155, and \$240,102, respectively; 90 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011. Contributions to the DC and Combined Plans for fiscal year 2013 were \$25,126 made by the Academy and \$17,947 made by the plan members.

11. POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

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 Part B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in the 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. The Medicare Part B monthly premium for calendar year 2013 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 advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2013, this actuarially required allocation was 0.74 percent of covered payroll. The Academy's contributions for Medicare Part B for the fiscal year ended June 30, 2013, 2012, and 2011 were \$5,145, \$6,646, and \$6,036, 100 percent has been contributed for fiscal years 2013, 2012 and 2011.

**Cincinnati College Preparatory Academy
Hamilton County**

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

11. POSTEMPLOYMENT BENEFITS (continued)

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 drug 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 contribution. 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 Section 105(2). Each year after the allocation for statutorily required benefits, the Retirement Board allocated the remainder of the employer 14% contribution to the Health Care Fund. For the year ended June 30, 2013, the health care allocation is 0.16 percent. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; not may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for health care surcharge. For fiscal year 2013, the minimum compensation level was established at \$20,525. 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 for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$1,113, \$4,874, and \$17,394 respectively; 100 percent has been contributed for fiscal years 2013, 2012 and 2011.

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 may vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare Part B are included in its Comprehensive Annual Financial Report. The report can be obtained on SERS' website at www.ohsers.org under **Employer/Audit Resources**.

Cincinnati College Preparatory Academy
Hamilton County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

11. POSTEMPLOYMENT BENEFITS (continued)

B. State Teachers Retirement System

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The Academy’s contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$22,466, \$20,243, and \$27,428 respectively; 90 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

12. OTHER EMPLOYEE BENEFITS

The Academy provides life and medical/surgical and dental benefits to most employees through United Health Care of Ohio and Dental Care Plus.

13. CONTINGENCIES

The Academy received financial assistance from federal and state agencies in form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is 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. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Academy at June 30, 2013.

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

Cincinnati College Preparatory Academy
Hamilton County

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

14. PURCHASED SERVICES

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

Professional and Technical Services	\$523,395
Utilities	159,382
Food Service	441,122
Communications	35,058
Property Services	114,172
Other	1,650
Total Purchased	<u>\$1,274,779</u>

15. RELATED PARTY TRANSACTIONS

ROAR Education, also known as Education Catalysts, an entity formed to provide training to school operators, teachers and staff, was operated from the same location at the Academy during 2012 and did not pay for use of the facilities.

Board Member Ron Gore was also on the YMCA Board. Board Member Janet Ulrich was employed by Millard and Associates, which is owned by the Treasurer, Stephanie Millard. Both Ms. Ulrich and Ms. Millard resigned from their positions during the fiscal year.

An agreement was entered into in February 2005 between the YMCA and the Academy to form "West End Cincinnati Victory Partners." The LLC owns and maintains the building which the Academy and the YMCA occupy. The Academy owns 75% of the LLC.

Eleven payments were made during the fiscal year to the YMCA for \$181,085, of which Joe Calloway, Board Member, is the YMCA Executive Director.

**Cincinnati College Preparatory Academy
Hamilton County**

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

16. RESTATEMENT OF NET POSITION

The Academy's financial statements for fiscal year 2012 were disclaimed as part of the audit process. The Academy's information for the investment in the LLC, capital assets and long-term debt were restated for accounting changes. The following provides a listing of the restated amounts.

Beginning Net Position at June 30, 2012		\$2,238,613
Adjustments:		
Investment in LLC	(\$540,008)	
Capital Assets	1,237,987	
YMCA Payable	(58,328)	
Leases Payable	(222,340)	
Short-Term Debt Payable	580,776	
Long-Term Debt Payable	(567,555)	
Total Adjustments	430,532	
Restated Beginning Net Position at June 30, 2012		\$2,669,145

17. CHANGE IN ACCOUNTING PRINCIPLES

The Academy implemented GASB 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*; and GASB 65, *Items Previously Reported as Assets and Liabilities*, during the fiscal year. The implementation of the new standards had no financial statement impact.

18. SUBSEQUENT EVENTS

In 2013, the Academy financed the purchase of a school building with Glenn Scherzinger. The Cincinnati College Preparatory Academy East (CCPA East), a separate community school, rented the building from the Academy and made on behalf payments of \$250,000 to fulfill the Academy's debt obligations. At June 30, 2013, the Academy reported a payable to CCPA East. The Academy repaid CCPA East \$250,000 in February 2015, and CCPA East subsequently purchased the building from the Academy in March 2015.

**CINCINNATI COLLEGE PREPARATORY ACADEMY
HAMILTON COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2013**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education</i>				
Child Nutrition Cluster:				
National School Breakfast	3L70	10.553	138,002	112,365
National School Lunch	3L60	10.555	356,132	289,974
Total U.S. Department of Agriculture			494,134	402,339
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education</i>				
Special Education - Grants to States	3M20	84.027	209,972	218,633
Title I Grants to Local Educational Agencies	3M00	84.010	448,923	407,050
Education Jobs	3ET0	84.410	303	1,477
Improving Teacher Quality State Grants	3Y60	84.367	18,306	2,285
Total U.S. Department of Education			677,504	629,445
Total Federal Awards Expenditures			\$1,171,638	\$1,031,784

The accompanying notes are an integral part of this schedule.

**CINCINNATI COLLEGE PREPARATORY ACADEMY
HAMILTON COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2013**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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



Dave Yost • Auditor of State

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

Cincinnati College Preparatory Academy
Hamilton County
1425 Linn Street
Cincinnati, Ohio 45214

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 College Preparatory Academy, Hamilton County, (the Academy) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated April 13, 2017. Our report refers to other auditors who audited the financial statements of the West End Cincinnati Victory Partners, LLC as it relates to the amount included for the Investment in LLC and the Increase in Investment in LLC as described in our report on the Academy's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that those auditors separately reported. The financial statements of the West End Cincinnati Victory Partners, LLC were not audited in accordance with *Government Auditing Standards*. We also noted the Academy restated opening balances associated with capital assets, long-term debt, and Investment in LLC.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Academy's financial statements. We consider finding 2013-010 described in the accompanying schedule of findings and questioned costs to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2013-011 and 2013-012 described in the accompanying schedule of findings and questioned costs to be significant deficiencies.

Compliance and Other Matters

As part of reasonably assuring whether the Academy's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 2013-001 through 2013-010, and 2013-012.

Academy's Response to Findings

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

Purpose of this Report

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



Dave Yost
Auditor of State

Columbus, Ohio

April 13, 2017



Dave Yost • Auditor of State

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

Cincinnati College Preparatory Academy
Hamilton County
1425 Linn Street
Cincinnati, Ohio 45214

To the Board of Directors:

Report on Compliance for Each Major Federal Program

We have audited the Cincinnati College Preparatory Academy's (the Academy) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Cincinnati College Preparatory Academy's major federal programs for the year ended June 30, 2013. The *Summary of Auditor's Results* in the accompanying schedule of findings and questioned costs identifies the Academy's major federal programs.

Management's Responsibility

The Academy's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the Academy's compliance for each of the Academy's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Academy's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Academy's major programs. However, our audit does not provide a legal determination of the Academy's compliance.

Basis for Qualified Opinion on the Child Nutrition Cluster and Title I

As described in Findings 2013-013 through 2013-015, and 2013-017 in the accompanying schedule of findings and questioned costs, the Academy did not comply with requirements regarding the following:

Finding #	CFDA #	Program (or Cluster) Name	Compliance Requirement
2013-013	84.010	Title I	Cash Management and Reporting
2013-014	10.553, 10.555	Child Nutrition Cluster	Cash Management and Reporting
2013-015	84.010	Title I	Activities Allowed/Unallowed and Allowable Costs/Cost Principles
2013-017	84.010	Title I	Allowable Costs/Cost Principles

Compliance with these requirements is necessary, in our opinion, for the Academy to comply with the requirements applicable to these programs.

Qualified Opinion on the Child Nutrition Cluster and Title I

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on the Child Nutrition Cluster and Title I* paragraph, the Cincinnati College Preparatory Academy complied, in all material respects, with the requirements referred to above that could directly and materially affect its Child Nutrition Cluster and Title I federal programs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which OMB Circular A-133 requires us to report, described in the accompanying schedule of findings and questioned costs as item 2013-016. This finding did not require us to modify our compliance opinion on each major federal program.

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

Report on Internal Control over Compliance

The Academy's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Academy's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Academy's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and a deficiency we consider to be a significant deficiency.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2013-013 through 2013-015 and 2013-017 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2013-016 to be a significant deficiency.

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

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

April 13, 2017

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**CINCINNATI COLLEGE PREPARATORY ACADEMY
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2013**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	Yes
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Qualified - Title I Qualified - Child Nutrition Cluster
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	Yes
(d)(1)(vii)	Major Programs (list):	Title I: 84.010 Child Nutrition Cluster: 10.553, 10.555
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

FINDING NUMBER 2013-001

Finding for Recovery– Lisa Hamm Reimbursements

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 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.

During fiscal year 2013, payments totaling \$4,224 were made to Lisa Hamm, former Superintendent, without Board approval. Ledgers and supporting documentation indicated that the payments were for reimbursements; however, there was no evidence the Board approved the reimbursement payments. Furthermore, there was no indication the payments were for a proper public purpose.

In accordance with the foregoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Lisa Hamm, former Superintendent, in the amount of \$4,224 and in favor of the Cincinnati College Preparatory Academy.

In addition, under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is liable for the amount of such expenditure. *Seward v. National Surety Co.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex. Rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att'y Gen. No. 80-074.

Stephanie Millard, former Academy Treasurer, signed the checks noted above for improper payments. Stephanie Millard, former Treasurer, and her bonding company, Ohio Farmers Insurance Company, are jointly and severally liable in the amount of \$4,224 and in favor of the Cincinnati College Preparatory Academy.

Officials' Response:

The new financial leadership team for the School started in Fiscal Year 2014 and is implementing policies and procedures to address these findings.

FINDING NUMBER 2013-002

Finding for Recovery– Lisa Hamm Payroll Overpayments

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose.

Lisa Hamm's (former Superintendent) salary for the 2013 school year was approved by the Board on July 12, 2012, and was for \$158,255. The Academy paid (pick-up) the entire employee portion of Lisa Hamm's State Teachers Retirement System (STRS) contribution. There was no evidence the Board approved the pick-up of her employee portion of STRS. This resulted in an overpayment of \$10,616.

**FINDING NUMBER 2013-002
(Continued)**

In accordance with the foregoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Lisa Hamm, former Superintendent, in the amount of \$10,616 and in favor of the Cincinnati College Preparatory Academy.

In addition, under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is liable for the amount of such expenditure. *Seward v. National Surety Co.* (1929), 120 Ohio St. 47; 1980 Op. Att’y Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. Rel. *Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att’y Gen. No. 80-074.

The direct deposits issued to Ms. Hamm were authorized by the former Treasurers, Stephanie Millard and Michael Ashmore. Stephanie Millard and her bonding company, Ohio Farmers Insurance Company, are jointly and severally liable in the amount of \$10,312 and in favor of the Cincinnati College Preparatory Academy. Michael Ashmore and his bonding company, the Cincinnati Insurance Company, are jointly and severally liable in the amount of \$304 and in favor of the Cincinnati College Preparatory Academy.

Officials’ Response:

The new financial leadership team for the School started in Fiscal Year 2014 and is implementing policies and procedures to address these findings.

FINDING NUMBER 2013-003

Finding for Recovery– Elizabeth Horter Payroll Overpayment

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose.

Elizabeth Horter’s teacher salary for the 2013 school year was approved by the Board on August 9, 2012, and was for \$43,565. For the bi-weekly pay periods ending November 11, 2012 and November 25, 2012, Ms. Horter was paid a total of \$4,620 rather than \$3,351 in accordance with her contract which resulted in a total overpayment of \$1,269. There was no evidence the Board approved an amendment to her contract or additional pay. For the bi-weekly pay period of April 14, 2013, Ms. Horter was paid \$1,000 after leaving the Academy. However, there was no evidence the Board approved an amendment to her contract or additional pay.

In accordance with the foregoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Elizabeth Horter, Teacher, in the amount of \$2,269 and in favor of the Cincinnati College Preparatory Academy.

In addition, under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is liable for the amount of such expenditure. *Seward v. National Surety Co.* (1929), 120 Ohio St. 47; 1980 Op. Att’y Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. Rel. *Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att’y Gen. No. 80-074.

**FINDING NUMBER 2013-003
(Continued)**

The direct deposits issued to Ms. Horter were authorized by the former Treasurers, Stephanie Millard and Michael Ashmore. Stephanie Millard and her bonding company, Ohio Farmers Insurance Company, are jointly and severally liable in the amount of \$1,269 and in favor of the Cincinnati College Preparatory Academy. Michael Ashmore and his bonding company, the Cincinnati Insurance Company, are jointly and severally liable in the amount of \$1,000 and in favor of the Cincinnati College Preparatory Academy.

Officials' Response:

The new financial leadership team for the School started in Fiscal Year 2014 and is implementing policies and procedures to address these findings.

FINDING NUMBER 2013-004

Finding for Recovery-- Lisa Hamm/Stephanie Millard Improper Payment

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose.

During fiscal year 2013, Stephanie Millard, former Treasurer, signed a check to Queen City Radio/Automotive totaling \$1,269. The vendor invoice indicated the payment was for repairs to Superintendent Lisa Hamm's personal vehicle. This expenditure was not approved by the Board, and there was no indication that the payment was for a proper public purpose.

In accordance with the foregoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Lisa Hamm, former Superintendent, in the amount of \$1,269 and in favor of the Cincinnati College Preparatory Academy.

In addition, under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is liable for the amount of such expenditure. *Seward v. National Surety Co.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex. Rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att'y Gen. No. 80-074.

The payment to Queen City Radio/Automotive was authorized by former Treasurer Stephanie Millard. Stephanie Millard and her bonding company, Ohio Farmers Insurance Company, are jointly and severally liable in the amount of \$1,269 for public monies illegally expended in favor of the Cincinnati College Preparatory Academy.

Officials' Response:

The new financial leadership team for the School started in Fiscal Year 2014 and is implementing policies and procedures to address these findings.

FINDING NUMBER 2013-005

Finding for Recovery– Lisa Hamm Debit Card Purchases

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.

Lisa Hamm, former Superintendent, charged \$1,648 in non-Board approved expenditures to an Academy debit card resulting in improper payments as summarized below:

Category	Amount
Meals and postal expenses	\$ 420
Expenditures without supporting documentation	1,228
Total	\$ 1,648

In accordance with the foregoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Lisa Hamm, former Superintendent, in the amount of \$1,648 in favor of Cincinnati College Preparatory Academy.

Officials’ Response:

The new financial leadership team for the School started in Fiscal Year 2014 and is implementing policies and procedures to address these findings.

FINDING NUMBER 2013-006

Finding for Recovery– Guyton Matthews Debit Card Purchases

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.

Guyton Matthews, Superintendent, charged \$1,716 in non-Board approved expenditures to Academy debit cards resulting in improper payments as summarized below:

Category	Amount
Meals	\$ 1,472
Miscellaneous expenditures	178
Expenditures without supporting documentation	66
Total	\$ 1,716

In accordance with the foregoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Guyton Matthews, Superintendent, in the amount of \$1,716 in favor of the Cincinnati College Preparatory Academy.

**FINDING NUMBER 2013-006
(Continued)**

Officials' Response:

The new financial leadership team for the School started in Fiscal Year 2014 and is implementing policies and procedures to address these findings.

FINDING NUMBER 2013-007

Finding for Recovery– Steven Ellison Payroll Overpayment

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose.

Steven Ellison's teacher salary for the 2013 school year was approved by the Board on May 24, 2012, and was for \$32,815. For the pay period ending March 3, 2013 Steven Ellison was paid an additional \$2,000 for serving as an athletic director. There was no evidence the Board approved an amendment to his contract or additional pay.

In accordance with the foregoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Steven Ellison, Teacher, in the amount of \$2,000 and in favor of Cincinnati College Preparatory Academy.

In addition, under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is liable for the amount of such expenditure. *Seward v. National Surety Co.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex. Rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att'y Gen. No. 80-074.

The direct deposit issued to Mr. Ellison was authorized by the former Treasurer, Michael Ashmore. Michael Ashmore and his bonding company, the Cincinnati Insurance Company, are jointly and severally liable in the amount of \$2,000 and in favor of the Cincinnati College Preparatory Academy.

Officials' Response:

The new financial leadership team for the School started in Fiscal Year 2014 and is implementing policies and procedures to address these findings.

FINDING NUMBER 2013-008

Finding for Recovery– Angel Morgan Payroll Overpayment

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose.

Angel Morgan's teacher salary for the 2013 school year was approved by the Board on May 24, 2012 and was for \$32,815. For the pay period ending December 9, 2012, Angel Morgan was paid an additional \$250. For the pay period ending February 17, 2013 Angel Morgan was paid an additional \$1,000 for coaching. For the pay period ending March 3, 2013, Angel Morgan was paid an additional \$1,500 for coaching. None of these additional payments were supported.

**FINDING NUMBER 2013-008
(Continued)**

In accordance with the foregoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Angel Morgan (Teacher) in the amount of \$2,750 and in favor of Cincinnati College Preparatory Academy.

In addition, under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is liable for the amount of such expenditure. *Seward v. National Surety Co.* (1929), 120 Ohio St. 47; 1980 Op. Att’y Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. Rel. *Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att’y Gen. No. 80-074.

The direct deposits issued to Ms. Morgan were authorized by the former Treasurers, Stephanie Millard and Michael Ashmore. Stephanie Millard and her bonding company, Ohio Farmers Insurance Company, are jointly and severally liable in the amount of \$1,250 and in favor of the Cincinnati College Preparatory Academy. Michael Ashmore and his bonding company, the Cincinnati Insurance Company, are jointly and severally liable in the amount of \$1,500 and in favor of the Cincinnati College Preparatory Academy.

Officials’ Response:

The new financial leadership team for the School started in Fiscal Year 2014 and is implementing policies and procedures to address these findings.

FINDING NUMBER 2013-009

Finding for Recovery– Edna Jones Payroll Overpayment

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose.

Edna Jones’ teacher salary for the 2013 school year was approved by the Board on July 30, 2012 and was for \$25,000. Ms. Jones was paid a total of \$41,475 which resulted in an overpayment of \$16,475. This additional payment was not supported and there was no evidence the Board approved any additional payments.

In accordance with the foregoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Edna Jones, Teacher, in the amount of \$16,475 and in favor of the Cincinnati College Preparatory Academy.

In addition, under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is liable for the amount of such expenditure. *Seward v. National Surety Co.* (1929), 120 Ohio St. 47; 1980 Op. Att’y Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. Rel. *Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att’y Gen. No. 80-074.

**FINDING NUMBER 2013-009
(Continued)**

The direct deposits issued to Ms. Jones were authorized by the former Treasurers, Stephanie Millard and Michael Ashmore. Stephanie Millard and her bonding company, Ohio Farmers Insurance Company, are jointly and severally liable in the amount of \$9,552 and in favor of the Cincinnati College Preparatory Academy. Michael Ashmore and his bonding company, the Cincinnati Insurance Company, are jointly and severally liable in the amount of \$6,923 and in favor of the Cincinnati College Preparatory Academy.

Officials' Response:

The new financial leadership team for the School started in Fiscal Year 2014 and is implementing policies and procedures to address these findings.

FINDING NUMBER 2013-010

Material Weakness/Noncompliance – Posting Transactions

All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets and liabilities, , document compliance with finance-related legal and contractual requirements and prepare financial statements required by **rule 117-2-03 of the Ohio Administrative Code**. The Academy did not properly post transactions in the accounting system and/or financial statements.

The following conditions were noted in the accounting system and/or the financial statements:

- State Foundation receipts in the amount of \$439,174 was incorrectly posted to federal grants in the accounting system;
- Audit fees were not posted as expenses in the amount of \$48,000 causing expenses to be understated and state foundation receipts to be understated;
- Title I receipts totaling \$65,887 were posted to State Grants instead of Federal Grants;
- Child Nutrition Cluster receipts totaling \$264,805 were posted to State Grants instead of Federal Grants;
- Title VI-B receipts totaling \$2,736 were posted to State Grants instead of Federal Grants;
- Improving Teaching Quality receipts totaling \$3,854 were posted to State Grants instead of Federal Grants;
- State breakfast grant receipts totaling \$622 were posted to Federal Grants instead of State Grants.
- Salaries and Fringe Benefits expense were overstated by \$229,102 and \$111,341, respectively, and Other Expenses was understated by \$340,443;
- On-behalf loan payments made by Cincinnati College Preparatory Academy (CCPA) East, a separate community school, were not recorded in the accounting system, but were recorded in the financial statements; in addition, a loan agreement was not executed between the Academy and CCPA East;

**FINDING NUMBER 2013-010
(Continued)**

- Capital Assets (cost) were understated by \$1,976,174; capital assets depreciation expense (current year) was understated by \$96,555; capital assets (net) were understated by \$1,343,673; and, capital assets accumulated depreciation was understated by \$632,501;
- Long Term Debt and Net Investment in Capital Assets were understated by \$74,718 and \$37,203 respectively, and Beginning Net Position was overstated by \$111,921 due to unrecorded capital leases;
- Short Term Debt was understated, Long Term Debt was understated, and Net Investment in Capital Assets was overstated by \$50,000 each due to misclassifying a payment toward a different debt issuance.

The financial statements have been corrected for the items above.

We recommend due care be exercised when posting entries to the financial records and financial statement preparation to prevent errors and assist in properly reflecting the Academy's financial activity in the financial statements and properly disclose all activities of the financial statements as required. Failure to accurately post financial activity can lead to material misstatements in financial reporting, and increases the risk that financial statements are materially misstated and that users of the financial statements will make decisions based on materially inaccurate financial information.

Officials' Response:

The new financial leadership team for the School started in Fiscal Year 2014 and is implementing policies and procedures to address these findings.

FINDING NUMBER 2013-011

Significant Deficiency – Management Controls

When designing the public office's system in internal control and the specific control activities, management should consider ensuring that accounting records are properly designed, verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of payments and financial data.

We identified the following conditions related to management controls over bank accounts, reconciliation and payment procedures:

- The payroll reconciliation report, which listed the people and amounts paid, was not prepared in a timely manner and contained information that did not agree to the accounting system or payroll reports.
- The review and approval of an invoice was not documented on an Academy cell phone bill totaling \$12,076.

We recommend that the Academy's officials and management implement additional internal controls to help strengthen the Academy's internal control structure and reduce the likelihood of undetected errors.

Officials' Response:

The new financial leadership team for the School started in Fiscal Year 2014 and is implementing policies and procedures to address these findings.

FINDING NUMBER 2013-012

Significant Deficiency/Noncompliance - Compilation

Ohio Rev. Code § 117.38 states that "each public office, other than a state agency, shall file a financial report for each fiscal year. The report shall contain the following: (A) Amount of collections and receipts, and accounts due from each source; (B) Amount of expenditures for each purpose; (C) Income of each public service industry owned or operated by a municipal corporation, and the cost of such ownership or operation; (D) Amount of public debt of each taxing district, the purpose for which each item of such debt was created, and the provision made for the payment thereof.

Ohio Admin. Code § 117-2-02 further states that: (A) All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions. (B) The management of each local public office is responsible for the assertions underlying the information in the public office's financial statements. (D)(3) All local public offices should maintain an appropriation ledger, which may assemble and classify disbursements or expenditure/expenses into separate accounts and include the amount, fund, date, check number, amount of disbursement, and any other information required may be entered in the appropriate columns.

The financial statements filed by Academy and initially provided for audit were based on inaccurate accounting system ledgers provided to the accountant compiling the financial statements for the Academy. The accounting system ledger provided did not contain fund information for the receipt and disbursement transactions and did not include all receipt and disbursement transactions noted on bank statements. The Academy did not have compilation controls in place to prevent the errors. The Academy provided a revised accounting system ledger and revised financial statements on September 21, 2015.

Failure to properly maintain the accounting system, prepare accurate financial statements, or exercise compilation controls over financial reporting could result in material misstatements to the financial statements and noncompliance.

We recommend that the Academy exercise due care when entering financial information to the accounting system, and implement compilation controls to help prevent errors in financial reporting.

Officials' Response:

The new financial leadership team for the School started in Fiscal Year 2014 and is implementing policies and procedures to address these findings.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	2013-013
CFDA Title and Number	CFDA 84.010 Title I
Federal Award Identification Number / Year	2013
Federal Agency	U.S. Department of Education
Pass-Through Entity	Ohio Department of Education

**FINDING NUMBER 2013-013
(Continued)**

Noncompliance/Material Weakness – Cash Management and Reporting

Noncompliance/Material Weakness

OMB Circular No. A-133 § .300 states that the auditee shall:

- a) Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity.
- b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.
- d) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with OMB Circular A-133, Section .310.

34 CFR 80.20(b) states the financial management systems of grantees and subgrantees must meet the following standards:

- (1) Financial reporting. Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
- (2) Accounting records. Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.
- (3) Internal control. Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. Grantees and subgrantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes.
- (4) Budget control. Actual expenditures or outlays must be compared with budgeted amounts for each grant or subgrant. Financial information must be related to performance or productivity data, including the development of unit cost information whenever appropriate or specifically required in the grant or subgrant agreement. If unit cost data are required, estimates based on available documentation will be accepted whenever possible.
- (5) Allowable cost. Applicable OMB cost principles, agency program regulations, and the terms of grant and subgrant agreements will be followed in determining the reasonableness, allowability, and allocability of costs.
- (6) Source documentation. Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc.

**FINDING NUMBER 2013-013
 (Continued)**

- (7) Cash management. Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. Grantees must establish reasonable procedures to ensure the receipt of reports on subgrantees' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the awarding agency. When advances are made by letter of credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements. Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees.

The total cash basis expenditures and cash fund balance on hand listed on two project cash requests did not agree to the accounting system used by the Academy.

Final Expenditure Reports (FER), which are required by the Ohio Department of Education, were not supported with adequate documentation and did not reconcile to the Academy's accounting system.

Failure to identify federal funds, provide adequate documentation, establish controls, and comply with grant requirements, resulted in questioned costs reported in Findings 2013-015 and 2013-017, and potential loss of federal financial assistance.

These conditions resulted in a qualified opinion on the cash management and reporting requirements for Title I. We recommend that the Academy develop and maintain documentation over all grant requirements.

Officials' Response:

The new financial leadership team for the School started in Fiscal Year 2014 and is implementing policies and procedures to address these findings.

FINDING NUMBER 2013-014

Noncompliance/Material Weakness – Cash Management and Reporting

Finding Number	2013-014
CFDA Title and Number	CFDA 10.553, 10.555 Child Nutrition Cluster
Federal Award Identification Number / Year	2013
Federal Agency	U.S. Department of Agriculture
Pass-Through Entity	Ohio Department of Education

7 CFR § 210.7 (c) states in part "Reimbursement limitations. To be entitled to reimbursement under this part, each school food authority shall ensure that Claims for Reimbursement are limited to the number of free, reduced price and paid lunches and meal supplements that are served to children eligible for free, reduced price and paid lunches and meal supplements, respectively, for each day of operation. (1) Lunch count system. To ensure that the Claim for Reimbursement accurately reflects the number of lunches and meal supplements served to eligible children, the school food authority shall, at a minimum: (iv) Correctly record, consolidate and report those lunch and supplement counts on the Claim for Reimbursement."

**FINDING NUMBER 2013-014
 (Continued)**

In addition **7 CFR § 210.7 (d)** states in part "Performance-based cash assistance. The State agency must provide performance-based cash assistance as authorized under § 210.4(b)(1) for lunches served in school food authorities certified by the State agency to be in compliance with meal pattern and nutrition requirements set forth in § 210.10 and, if the school food authority participates in the School Breakfast Program (7 CFR part 220), § 220.8 or § 220.23, as applicable. (1) State agency requirements. State agencies must establish procedures to certify school food authorities for performance-based cash assistance in accordance with guidance established by FNS. Such procedures must ensure State agencies: (v) Within 60 calendar days of a certification submission or as otherwise authorized by FNS, review submitted materials and notify school food authorities of the certification determination, the date that performance based cash assistance is effective, and consequences for non-compliance."

The Ohio Department of Education requires certification determination within 45 days of date of meals being requested for reimbursement.

- The Academy did not request reimbursement for 794 meals that were documented as served to eligible students
- The Academy did not submit 1 out of 3 site claim forms within 45 days of the last meal being requested for reimbursement

Failure to accurately report reimbursable meals could lead to the Academy not receiving funds entitled to them or could lead to possible questioned costs. Failure of the Academy to submit required reports within the time frame required by the Ohio Department of Education could lead to the Academy not being reimbursed for eligible meals.

These conditions resulted in a qualified opinion on the cash management and reporting requirements for the Child Nutrition Cluster. We recommend the Academy report reimbursable meals accurately and within the specified time frame as required by the Ohio Department of Education.

Officials' Response:

The new financial leadership team for the School started in Fiscal Year 2014 and is implementing policies and procedures to address these findings.

FINDING NUMBER 2013-015

Material Weakness/Noncompliance/Questioned Costs – Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Finding Number	2013-015
CFDA Title and Number	CFDA 84.010 Title I
Federal Award Identification Number / Year	2013
Federal Agency	U.S. Department of Education
Pass-Through Entity	Ohio Department of Education

FINDING NUMBER 2013-015
(Continued)

2 CFR 225 Appendix B Sections 1 through 43 provide principles to be applied in establishing the allowability or unallowability of certain items of cost. These principles apply whether a cost is treated as direct or indirect. A cost is allowable for Federal reimbursement only to the extent of benefits received by Federal awards and its conformance with the general policies and principles stated in Appendix A to this part. Failure to mention a particular item of cost in these sections is not intended to imply that it is either allowable or unallowable; rather, determination of allowability in each case should be based on the treatment or standards provided for similar or related items of cost.

If a schoolwide program school does not consolidate its Federal funds, the school must use Title I, Part A funds to support activities that address specific educational needs of the school identified by the needs assessment and articulated in the schoolwide plan. The school must use other Federal funds in accordance with the specific requirements of each Federal program.

2 CFR 225 Appendix A Section (E) sets the guidelines for determining if a direct cost is considered to be allowable per the federal program. These guidelines state:

1. General. Direct costs are those that can be identified specifically with a particular final cost objective.
2. Application. Typical direct costs chargeable to Federal awards are:
 - a. Compensation of employees for the time devoted and identified specifically to the performance of those awards.
 - b. Cost of materials acquired, consumed, or expended specifically for the purpose of those awards.
 - c. Equipment and other approved capital expenditures.
 - d. Travel expenses incurred specifically to carry out the award.

2 CFR Part 225 Appendix A Section C(1)(j) (formerly known as OMB Circular A-87, Attachment A Section C, 1, j) states that to be allowable under federal awards, costs must be adequately documented.

The Academy's accounting system reported a total of \$402,819 for Title I payroll expenses in 2013. However the Academy's only detail documentation provided was a budgeting spreadsheet which did not agree to the amounts reported in the system. The Academy used Paycor to process payroll, but the detail ledgers did not agree with either the accounting system or the budgeting spreadsheet. Therefore we are unable to determine which teacher salaries were paid from Title I.

Accordingly, a questioned cost is issued in the amount of \$402,819 that the Academy expended on salaries and benefits for the Title I grant program during fiscal year 2013.

The Academy should ensure that documentation supporting direct costs of the Title I Program is maintained to demonstrate expenditures meet the direct cost provisions for expenditures incurred.

These conditions resulted in a qualified opinion on the activities allowed or unallowed and allowable costs/cost principles requirements for Title I. We recommend that the Academy develop and maintain documentation over all grant requirements.

**FINDING NUMBER 2013-015
 (Continued)**

Officials' Response:

The new financial leadership team for the School started in Fiscal Year 2014 and is implementing policies and procedures to address these findings.

FINDING NUMBER 2013-016

Noncompliance/Significant Deficiency – Procurement and Suspension and Debarment

Finding Number	2013-016
CFDA Title and Number	CFDA 10.553, 10.555 Child Nutrition Cluster
Federal Award Identification Number / Year	2013
Federal Agency	U.S. Department of Agriculture
Pass-Through Entity	Ohio Department of Education

7 CFR. 3016.36 requires that all procurement transactions shall be conducted in a manner providing for full and open competition. The recipient shall maintain records sufficient to detail the significant history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of the procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. Awards shall be made to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. Any and all bids or offers may be rejected if there is a sound documented reason.

Furthermore, based on the Policies of the Governing Authority of Cincinnati College Preparatory Academy Section 148.8 Federal Grants Procurement, Monitoring and Administration, the Academy is required to follow certain policies when the Academy expends federal grant funds to purchase property or obtain services. These policies include:

- A. Competition. To the extent required by law, the Academy shall use procurement methods that provide for full, free, and open competition and comply with the federal procurement regulations. The Academy shall award the contract to the party whose bid or proposal, after considering all appropriate facts, is most advantageous to the Academy if the Academy solicits bids or competitive proposals to secure property or services.
- B. Procurement Procedures. To the extent required by law:
 - 4. The Academy shall ensure that its solicitations for goods and services contain the descriptions and provide the other information required under the applicable federal regulations. .
 - 6. The Academy shall create and maintain records that document the procurement process that the Academy followed in each procurement transaction, including the rationale for utilizing the selected procurement method, the basis for awarding the contract, the justification for lack of competition if competitive bids or offers are not sought and the basis for award cost or price . . .
 - 7. The Academy shall make its procurement records available for review by the appropriate federal officials. . .

**FINDING NUMBER 2013-016
 (Continued)**

- C. Contract Provisions. Procurement contracts shall, at minimum, include the terms and conditions that are required by the applicable federal procurement regulations. To the extent required by law, the Academy shall require that the person awarded a contract satisfy the bonding requirements set forth in the applicable federal regulations.”

The Academy solicited bids for the 2013 catered meal contract, and entered a contract with Dad's Catering Service for breakfast and lunch. However, the Academy did not maintain documentation for the selection process for awarding the contract to Dad's Catering.

Failure to ensure that a full, free and open competition takes place and that the Academy meets all bidding requirements could lead to the Academy expending unnecessary monies for services that could be performed at a lower cost to the Academy and still meet the Academy's expectations.

We recommend that the Academy consult with their legal counsel to review the requirements of 7 CFR 3016.36. In addition, the Academy should review all solicited bids and award bids in accordance with the Policies of the Governing Authority of Cincinnati College Preparatory Academy Section 148.8 Federal Grants Procurement, Monitoring and Administration and maintain proper documentation for the solicited bids and determination for selecting the bid awarded the contract.

Officials' Response:

The new financial leadership team for the School started in Fiscal Year 2014 and is implementing policies and procedures to address these findings.

FINDING NUMBER 2013-017

Noncompliance/Material Weakness – Allowable Costs/Cost Principles

Finding Number	2013-017
CFDA Title and Number	CFDA 84.010 Title I
Federal Award Identification Number / Year	2013
Federal Agency	U.S. Department of Education
Pass-Through Entity	Ohio Department of Education

The Academy administers the Title I Grant which receives funding under CFDA #84.010. Established procedures under 2 CFR Part 225 (formerly OMB Circular A-87), Attachment B 8h.(3) require employees who work solely on a single cost objective paid from a single federal program to furnish a semi-annual certification that he/she has been engaged solely in activities that support the single cost objective. The certification must be signed by the employee or a supervisory official having first- hand knowledge of the work performed by the employee.

**FINDING NUMBER 2013-017
(Continued)**

A management report showing employees paid from Title I funds included ten employees that did not have semi-annual certifications provided for audit. The payroll amounts on the management report did not agree to actual charges in the accounting system and there was no evidence of approval by the employee or a supervisory official. Failure to obtain proper approvals of time worked and payroll expenditures could result in potential questioned costs if employees are improperly paid from Title I Funds. (All salaries and benefits paid from Title I funds in the amount of \$402,819 were questioned costs in Finding Number 2013-015.)

We recommend that the Academy make sure that all employees paid solely from federal funds have the proper semi-annual certifications to support the amounts paid from federal funds. These semi-annual certifications should be signed by the employee or a supervisory official having first-hand knowledge of the work performed by the employee.

Officials' Response:

The new financial leadership team for the School started in Fiscal Year 2014 and is implementing policies and procedures to address these findings.

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**CINCINNATI COLLEGE PREPARATORY ACADEMY
HAMILTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2012-001	Finding for Recovery – Lisa Hamm: Improper Payments	No	Not Corrected – Payments not made to the Academy
2012-002	Finding for Recovery – Lisa Hamm: Improper Payments	No	Not Corrected – Payments not made to the Academy
2012-003	Finding for Recovery – Stephanie Millard: Improper Payments	No	Not Corrected – Payments not made to the Academy
2012-004	Finding for Recovery – Clinton Davis: Improper Payments	No	Not Corrected – Payments not made to the Academy
2012-005	Finding for Recovery – Charles Newton: Improper Payments	No	Not Corrected – Payments not made to the Academy
2012-006	Finding for Recovery – Mosi Williams: Improper Payments	No	Not Corrected – Payments not made to the Academy
2012-007	Finding for Recovery – Alisha Knox: Improper Payments	No	Not Corrected – Payments not made to the Academy
2012-008	Noncompliance – Purchase Orders Not Used	Yes	
2012-009	Noncompliance/Material Weakness – Ohio Admin. Code Section 117-2-02(A) Accuracy of Financial Statements	No	Not Corrected – Reissued as Finding 2013-010
2012-010	Material Weakness – Employee Contracts	Yes	
2012-011	Material Weakness – Activities/Costs Allowed/ Unallowed, Title I and Child Nutrition Cluster	Yes	
2012-012	Noncompliance/Material Weakness – Schedule of Federal Awards	Yes	
2012-013	Noncompliance/Material Weakness – Cash Management, Reporting, Child Nutrition Cluster	Yes	

Cincinnati College Preparatory Academy
Hamilton County
Schedule of Prior Audit Findings
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2012-014	Noncompliance/Material Weakness – Eligibility, Child Nutrition Cluster	Yes	
2012-015	Noncompliance/Material Weakness – Eligibility, Child Nutrition Cluster	Yes	
2012-016	Noncompliance – Procurement, Suspension, and Debarment, Child Nutrition Cluster	No	Not Corrected – Reissued as Finding 2013-016
2012-017	Noncompliance – Procurement, Suspension, and Debarment, Child Nutrition Cluster	No	Not Corrected – Reissued in the Management Letter
2012-018	Noncompliance/Material Weakness/Questioned Costs – Activities Allowed or Unallowed, Allowable Costs, Title I	No	Not Corrected – Reissued as Finding 2013-015
2012-019	Noncompliance – Reporting, Title I	Yes	
2012-020	Noncompliance – Special Tests and Provisions: Highly Qualified Teachers and Paraprofessionals, Title I	Yes	
2012-021	Noncompliance – Program Income, Title I	Yes	
2012-022	Noncompliance/Material Weakness – Maintenance of Effort, Title I	Yes	



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Cincinnati College Preparatory Academy
Hamilton County
1425 Linn Street
Cincinnati, Ohio 45214

To the Board of Education:

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on October 23, 2013 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

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

April 13, 2017

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**CINCINNATI COLLEGE PREPARATORY ACADEMY
HAMILTON COUNTY**

**CORRECTIVE ACTION PLAN
JUNE 30, 2013**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2013-001 2013-002 2013-003 2013-004 2013-005 2013-006 2013-007 2013-008 2013-009 2013-010 2013-011 2013-012 2013-013 2013-014 2013-015 2013-016 2013-017	The CCPA Board Hired a new treasurer in August 2013 to oversee the School's fiscal operations and to ensure appropriate checks and balances to avoid future findings.	8/31/2013	Doug Mangen

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CINCINNATI COLLEGE PREPARATORY 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
MAY 4, 2017**