



Mary Taylor, CPA
Auditor of State

**CITIZENS' ACADEMY
CUYAHOGA COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Citizens' Academy
Cuyahoga County
1827 Ansel Road
Cleveland, Ohio 44106

To the Board of Directors:

We have audited the accompanying basic financial statements of the Citizens' Academy, Cuyahoga County, Ohio, (the Academy), as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the Academy's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Citizens' Academy, Cuyahoga County, Ohio, as of June 30, 2009, and the changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2010, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the Academy's basic financial statements. The federal awards receipts and expenditures schedule presents additional information and is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. It is not a required part of the basic financial statements. We subjected the federal awards receipts and expenditures schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

February 9, 2010

**CITIZENS' ACADEMY
CUYAHOGA COUNTY**

Management's Discussion and Analysis
For the Year Ended June 30, 2009
Unaudited

The discussion and analysis of Citizens' Academy (the Academy) provides an overall review of the Academy's financial activities for the year ended June 30, 2009. The intent of the discussion and analysis is to look at the Academy's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Academy's financial performance.

Financial Highlights

Key financial highlights affecting 2009 are as follows:

Total Assets decreased by \$296,000 mainly due to an decrease in cash and cash equivalents of \$193,294, a decrease in Gifts and Grants of \$35,000 offset by an increase in other Accounts Receivable and Prepaid Expenses of \$32,567.

Total Current Liabilities also decreased by \$59,615 mainly due to lower Accounts Payable offset by increased Accrued Expenses.

In total, Net Assets decreased \$236,385.

Operating Revenues totaled \$2,913,905 for the year, a decrease of \$11,749 from the prior year.

Non-Operating Revenues totaled \$1,115,419 for the year, a decrease of \$155,695 from the prior year.

This annual report consists of financial statements and notes to those statements. These statements are organized so the reader can understand the Academy as a financial whole.

The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets provide information about the activities of the Academy. The Academy has one major fund for business-type activities.

Statement of Net Assets and Statement of Revenues, Expenses and Changes in Net Assets

The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets answer the question, "How did we do financially during 2009?" These statements include all assets and liabilities using the accrual basis of accounting. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received.

These statements report the Academy's net assets and the change in those assets. Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

School-wide financial analysis

Table 1 provides a summary of the Academy's net assets as of June 30, 2009 and 2008.

Table 1
NET ASSETS

<u>Assets:</u>	<u>JUNE 30, 2009</u>	<u>JUNE 30, 2008</u>
<u>Current Assets:</u>		
Cash and Cash Equivalents	\$ 961,879	\$ 1,155,173
Receivables:		
Federal Title Funds	64,925	64,289
Gifts and Grants	15,000	50,000
Intergovernmental	32,483	42,285
Other (Net of Allowance)	20,335	250
Prepaid Expenses	41,032	28,550
Total Current Assets	1,135,654	1,340,547
<u>Non-Current Assets:</u>		
Deposits on Leased and Other Property	15,000	15,000
Assets Permanently Restricted	5,000	5,000
Other Assets	409	2,015
Capital Assets (Net of Accumulated Depreciation)	1,205,921	1,295,422
Total Non-Current Assets	1,226,330	1,317,437
Total Assets	2,361,984	2,657,984
<u>Liabilities and Equity:</u>		
<u>Current Liabilities:</u>		
Accounts Payable	58,816	119,360
Due to Other Governments	27,851	71,342
Accrued Payroll	215,393	180,957
Accrued Rent	92,698	83,736
Other	4,737	3,715
Total Current Liabilities	399,495	459,110
<u>Net Assets</u>		
Investment in Capital Assets, net of related debt	1,205,921	1,295,422
Unrestricted	756,568	903,452
Total Net Assets	\$ 1,962,489	\$ 2,198,874

Total assets decreased by \$296,000 mainly due to a decrease in cash and cash equivalents of \$193,294, a decrease in Gifts and Grants of \$35,000 offset by an increase in other Accounts Receivable and Prepaid Expenses of \$32,567.

The \$193,294 decrease in cash and cash equivalents resulted primarily from a decrease of \$92,736 in Private Grants and Contributions, a decrease in Federal/State Grants of \$46,315 and a decrease in Current Liabilities of \$59,615.

Total liabilities of \$399,495 decreased by \$59,615 essentially due to lower accounts payable offset by increased accrued expenses.

Net assets total \$1,962,489 and decreased from the prior year by \$236,385 due to the decreases in assets and liabilities discussed above.

Table 2 shows the changes in net assets for the years ended June 30, 2009 and 2008.

Table 2
Revenues, Expenses and Changes in Net Assets

	FOR THE YEAR ENDED	
	June 30, 2009	June 30, 2008
<u>Operating Revenues:</u>		
Foundation Payments	\$ 2,827,864	\$ 2,850,298
Other Operating Revenues	86,041	75,356
<i>Total Operating Revenues</i>	<u>2,913,905</u>	<u>2,925,654</u>
<u>Operating Expenses:</u>		
Salaries	2,213,260	2,079,616
Fringe Benefits	608,725	593,020
Purchased Services	961,851	950,816
Materials and Supplies	264,398	258,243
Depreciation	146,263	148,044
Other Operating Expenses	71,212	66,134
<i>Total Operating Expenses</i>	<u>4,265,709</u>	<u>4,095,873</u>
Operating Loss	<u>(1,351,804)</u>	<u>(1,170,219)</u>
<u>Non-Operating Revenues:</u>		
Federal and State Grants	755,883	802,198
Private Grants and Contributions	352,127	444,863
Investment Earnings	7,409	24,053
<i>Total Non-Operating Revenues</i>	<u>1,115,419</u>	<u>1,271,114</u>
<u>Net Assets</u>		
Net Increase/(Decrease) in Net Assets	(236,385)	100,895
Total Net Assets at Beginning of the Year	<u>2,198,874</u>	<u>2,097,979</u>
Total Net Assets at End of Year	<u>\$ 1,962,489</u>	<u>\$ 2,198,874</u>

Foundation payments accounted for 97% of the Operating Revenues. Community school foundation payments are received from the Ohio Department of Education (ODE) based on various student enrollment data submitted to ODE throughout the school year. Foundation payments decreased by \$22,434 to \$2,827,864.

Operating expenses for 2009 totaled \$4,265,709 which represents an increase of \$169,836 over the prior year.

Federal and state grants decreased by \$46,315 to \$755,883, primarily due to decreased Title Funds of \$39,276, decrease in Before & After Program vouchers of \$13,588, and offset by increased Food Service reimbursement of \$8,419.

General Budget Highlights

The Academy prepares a detailed operating budget that facilitates the achievement of the Academy's mission as established by the Board of Directors and ensures the Academy's financial stability and organizational continuity. This budget, approved annually by the Board for the upcoming fiscal year, is compared to actual monthly financial reports and discussed at all Board meetings.

Table 3 reflects capital assets, net of accumulated depreciation, as of June 30, 2009 and 2008.

Table 3
Capital Assets (Net of Accumulated Depreciation)

	<u>JUNE 30, 2009</u>	<u>JUNE 30, 2008</u>
Leasehold Improvements	\$ 1,049,441	\$ 1,124,096
Construction in progress	10,451	10,451
Playground	6,047	8,838
Classroom materials, furniture, equipment & computers	85,730	71,918
Office furniture, equipment & computers & servers	54,252	80,119
Total	<u>\$ 1,205,921</u>	<u>\$ 1,295,422</u>

The Academy's investment in capital assets for its activities as of June 30, 2009 amounts to \$1,205,921.

The Academy has no long-term loan obligations outstanding.

Contacting Citizens' Academy's Financial Management

The financial report is designed to provide all interested parties with a general overview of the Academy's finances. If you have any questions about this report or need additional information, contact the Academy's Executive Director, Perry White, at Citizens' Academy, 1827 Ansel Road, Cleveland, Ohio 44106, and phone number 216-791-4195.

**CITIZENS' ACADEMY
CUYAHOGA COUNTY**

Statement of Net Assets
As of June 30, 2009

Assets:

Current Assets:

Cash and Cash Equivalents	\$	961,879
Receivables:		
Federal Title Funds		64,925
Gifts and Grants		15,000
Intergovernmental		32,483
Other (Net of Allowance)		20,335
Prepaid Expenses		41,032
<i>Total Current Assets</i>		1,135,654

Non-Current Assets:

Deposits on Leased and Other Property		15,000
Assets Permanently Restricted		5,000
Other Assets		409
Capital Assets (Net of Accumulated Depreciation)		1,205,921
<i>Total Non-Current Assets</i>		1,226,330

<i>Total Assets</i>		2,361,984
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Liabilities and Equity:

Current Liabilities:

Accounts Payable		58,816
Due to Other Governments		27,851
Accrued Payroll		215,393
Accrued Rent		92,698
Other		4,737
<i>Total Current Liabilities</i>		399,495

Net Assets

Investment in Capital Assets, net of related debt		1,205,921
Unrestricted		756,568
<i>Total Net Assets</i>	\$	1,962,489

The accompanying notes to the basic financial statements are an integral part of this statement.

**CITIZENS' ACADEMY
CUYAHOGA COUNTY**

Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended June 30, 2009

Operating Revenues:

Foundation Payments	\$ 2,827,864
Other Operating Revenues	86,041
	2,913,905
<i>Total Operating Revenues</i>	<i>2,913,905</i>

Operating Expenses:

Salaries	2,213,260
Fringe Benefits	608,725
Purchased Services	961,851
Materials and Supplies	264,398
Depreciation	146,263
Other Operating Expenses	71,212
	4,265,709
<i>Total Operating Expenses</i>	<i>4,265,709</i>
Operating Loss	(1,351,804)

Non-Operating Revenues:

Federal and State Grants	755,883
Private Grants and Contributions	352,127
Investment Earnings	7,409
	1,115,419
<i>Total Non-Operating Revenues</i>	<i>1,115,419</i>

Net Assets

Net Change in Net Assets	(236,385)
Total Net Assets at Beginning of the Year	2,198,874
Total Net Assets at End of Year	\$ 1,962,489

The accompanying notes to the basic financial statements are an integral part of this statement.

**CITIZENS' ACADEMY
CUYAHOGA COUNTY**

Statement of Cash Flows
For the Year Ended June 30, 2009

Cash Flows from Operating Activities:

Cash Received from State of Ohio	\$ 2,827,864
Cash Payments to Suppliers for Goods and Services	(1,340,820)
Cash Payments to Employees for Services	(2,831,863)
Other Operating Revenues	<u>84,529</u>
Net Cash Used for Operating Activities	(1,260,290)

Cash Flows from Noncapital Financing Activities:

Non-Operating Grants and Contributions Received	<u>1,114,743</u>
Net Cash Provided by Noncapital Financing Activities	1,114,743

Cash Flows from Capital and Related Financing Activities:

Payments for Capital Acquisitions	<u>(56,762)</u>
Net Cash Used for Capital and Related Financing Activities	(56,762)

Cash Flows from Investing Activities:

Interest/Dividends Earned on Investments	<u>9,015</u>
Net Cash Provided by Investing Activities	<u>9,015</u>
Net Change in Cash and Cash Equivalents	(193,294)
Cash and Cash Equivalents at Beginning of Year	<u>1,155,173</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 961,879</u></u>

The accompanying notes to the basic financial statements are an integral part of this statement.

**CITIZENS' ACADEMY
CUYAHOGA COUNTY**

Statement of Cash Flows
For the Year Ended June 30, 2009
(Continued)

**Reconciliation of Operating Loss to Net
Cash Used for Operating Activities:**

Operating Loss \$ (1,351,804)

**Adjustments to Reconcile Operating Loss to
Net Cash Used for Operating Activities:**

Depreciation	146,263
Donated Services	17,099
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	(1,512)
Decrease in Prepaid Expenses and Other	(10,970)
Increase in Accounts Payable	(60,545)
(Decrease) in Accrued Expenses	157
Increase in Other Current Liabilities	<u>1,022</u>
Total Adjustments	<u>91,514</u>
Net Cash Used for Operating Activities	<u><u>\$ (1,260,290)</u></u>

Non-Cash Operating Activities:

Donated services are recorded at fair value as contribution revenue and as a corresponding expense as services are utilized.

The accompanying notes to the basic financial statements are an integral part of this statement.

CITIZENS' ACADEMY
— A Community School —
CUYAHOGA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

I. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

Citizens' Academy (the Academy) is a nonprofit corporation established June 10, 1998, pursuant to Ohio Revised Code Chapters 3314 and 1702 to maintain and provide a school and is organized as a tax exempt organization under § 501(c)(3) of the Internal Revenue Code exclusively for educational purposes. These purposes include the fostering of quality public education, and the advancement of the interests of public school students through the operation of a community school, the development of innovative programs in public education and the development of systems of accountability for public school student performance. 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, which is part of Ohio's education program, is independent of any school district. The Academy may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the Academy.

A proposal was initially forwarded to the Ohio Department of Education by the Academy during September 1998 to open a community school in the fall of 1999. The Ohio Department of Education approved the proposal and entered into a contract with the Academy that provided for the commencement of operations at the beginning of the 1999-2000 school year.

As of June 30, 2009, the Academy operated under an eighteen-member Board of Directors. The Board 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 qualification of teachers. The Board of Directors controls the Academy's instructional facility staffed by twenty-nine certificated full-time teaching personnel who provide services to 388 students.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Basis of Presentation

The Academy's basic financial statements consist of a Statement of Net Assets; a Statement of Revenues, Expenses and Changes in Net Assets; and a Statement of Cash Flows.

CITIZENS' ACADEMY
— A Community School —
CUYAHOGA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the Statement of Net Assets. Operating statements present increases (*e.g.*, revenues) and decreases (*e.g.*, expenses) in net total assets.

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The Academy's financial statements are prepared using the accrual basis of accounting. Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded when the exchange takes place. Revenues resulting from non-exchange transactions, in which the Academy receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the year when use is first permitted; matching requirements, in which the Academy must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis. Expenses are recognized at the time they are incurred.

3. Cash and Cash Equivalents

All monies received by the Academy are deposited in the name of the Academy at KeyBank. Investments are managed in accounts with Key Investment Services. For presentation on the Statement of Net Assets and Statement of Cash Flows, investments with an original maturity of three months or less are considered cash equivalents.

4. Capital Assets and Depreciation

Capital assets are capitalized at cost and updated for additions and retirements during the year. The Academy maintains a capitalization threshold of \$500, except for items purchased from Federal Title funds, which have a \$300 threshold. The Academy does not possess any infrastructure.

CITIZENS' ACADEMY
— A Community School —
CUYAHOGA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasehold improvements are also 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 capitalized. All reported capital assets are depreciated.

Depreciation and amortization of leasehold improvements, computers and equipment, furniture, and classroom materials are computed using the straight-line method over their estimated useful lives. Improvements to fixed assets are depreciated over the remaining useful lives of the related fixed assets.

<u>Capital Asset Classification</u>	<u>Years</u>
Leasehold Improvements	20
Computers and Equipment	5
Appliances	7
Software	3
Classroom Furniture	10
Classroom Materials	5

5. Intergovernmental Revenues

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

Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the 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.

6. Compensated Absences

Vacation for teaching staff is to be taken in a manner that corresponds with the school calendar; therefore, the Academy does not accrue vacation time as a liability.

Vacation benefits for non-teaching staff are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Academy will compensate the employees for the benefits through paid time off or some other means. The Academy records a liability for accumulated unused vacation time when earned. Accrued vacation pay totaling \$44,986 is reported on the Statement of Net Assets under Accrued Payroll.

CITIZENS' ACADEMY
— A Community School —
CUYAHOGA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Sick time and other paid time off are not compensatable if this PTO is not taken. The unused PTO can be carried over into the next school year. Therefore, no liability was recorded.

7. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2009, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the year in which services are consumed.

8. Private Grants and Donations

The Academy has received funds from private foundations and individuals to support the Academy's educational programs.

9. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are 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 presently has no restricted net assets.

10. Use of Estimates

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

III. BUDGETING

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Section 5705. The contract between the Academy and its Sponsor requires a detailed school budget for each year of the contract; however, the budget does not have to follow the provisions of Ohio Revised Code Section 5705.

CITIZENS' ACADEMY
— A Community School —
CUYAHOGA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

III. BUDGETING (Continued)

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

IV. RECEIVABLES

Receivables at June 30, 2009, consisted of Federal Title Funds, private foundation grants, intergovernmental (e.g., Federal and state grants, childcare vouchers), reimbursements and Before and After School Enrichment Program fees. All receivables from Federal, State, and local governments are considered collectible in full, due to the stable condition of state programs, the current-year guarantee of Federal funds, and the financial stability of the foundation sources.

V. DEPOSITS

Custodial credit risk is the risk that in the event of bank failure, the Academy will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end, \$711,879 of the Academy's bank balance of \$961,879 was uninsured and uncollateralized. Although the collateral securities were held by the pledging institution's trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Academy to a successful claim by the FDIC.

The Academy has 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 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 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 secured.

CITIZENS' ACADEMY
— A Community School —
CUYAHOGA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

VI. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009, was as follows:

	Balance			Balance
	<u>06/30/08</u>	<u>Additions</u>	<u>Deductions</u>	<u>06/30/09</u>
Leasehold Improvements	\$1,666,690	\$14,147	\$0	\$1,680,837
Computers, Furniture, and Equipment	298,671	31,025	0	329,696
Classroom Materials and Furniture	160,792	11,590	0	172,382
Marketing Materials	1,658	0	0	1,658
Playground Equipment	27,911	0	0	27,911
Construction in Progress	10,451	0	0	10,451
Totals at Historical Cost	<u>2,166,173</u>	<u>56,762</u>	<u>0</u>	<u>2,222,935</u>
Leasehold Improvements	(542,594)	(88,802)	0	(631,396)
Computers, Furniture, and Equipment	(218,552)	(35,620)	0	(254,172)
Classroom Materials and Furniture	(88,874)	(19,050)	0	(107,924)
Marketing Materials	(1,658)	(0)	0	(1,658)
Playground Equipment	(19,073)	(2,791)	0	(21,864)
Total Depreciation	<u>(870,751)</u>	<u>(146,263)</u>	<u>0</u>	<u>(1,017,014)</u>
Net Capital Assets	<u>\$1,295,422</u>	<u>\$(89,501)</u>	<u>\$0</u>	<u>\$1,205,921</u>

VII. LEASES

The Academy leases its facilities from The Temple-Tifereth Israel under a five-year lease agreement. This lease was effective July 1, 1999, and expired June 30, 2004. The lease provides the Academy with an option to renew for three additional five-year terms. The Academy exercised its option to renew for the third five-year term which expires June 30, 2014. The lease agreement between the Academy and The Temple-Tifereth Israel provides for lease payments on a fixed scheduled increase basis plus 9 percent of total revenue up to a yearly rental cap amount.

VIII. RISK MANAGEMENT

1. 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 fiscal year 2009, the Academy contracted with Ohio Casualty and Travelers Insurance Companies for all of its insurance.

CITIZENS' ACADEMY
— A Community School —
CUYAHOGA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

VIII. RISK MANAGEMENT (Continued)

General liability is covered at \$1,000,000 single occurrence limit and \$2,000,000 aggregate. Hired and Non-Owned Vehicles are covered at \$1,000,000 combined single limit of liability. Other coverage includes Directors and Officers, Employee Crime, bonding for fiscal agents and Sexual Abuse and Misconduct. Settled claims have not exceeded this commercial coverage in any of the past three years, and there have been no significant reductions in insurance coverage from the prior year.

2. Workers' Compensation

The Academy makes premium payments to the Ohio Workers' Compensation System (WC) for employee injury coverage. As of June 30, 2009, there have been two claims filed by employees with WC for the year ending June 30, 2006. In the opinion of management, these claims will not have a material adverse effect on the overall financial position of the Academy at June 30, 2009.

3. Employee Medical, Dental, and Vision Benefits

The Academy provides medical, dental, and vision insurance benefits to all full-time employees. Insurance premiums are paid by the Academy for each employee who elects to have coverage. Those employees who are eligible for coverage but choose not to take it are entitled to \$1,000 on a pro-rata basis. During the 2009 fiscal year, the costs to the Academy for medical, dental, and vision insurance benefits, net of employee contributions of 22 percent of medical premiums, were \$190,772.

IX. PENSION PLANS

A. School Employees Retirement System

Plan Description - The Academy contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit 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 in Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under Forms and Publications.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the Academy is required to contribute at an actuarially determined rate. The current School rate is 14 percent of annual covered payroll. A portion of The

CITIZENS' ACADEMY
— A Community School —
CUYAHOGA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

IX. PENSION PLANS (Continued)

A. School Employees Retirement System (Continued)

Academy's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The Academy's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$101,459, \$95,792 and \$92,608 respectively; 79.80 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System of Ohio

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

CITIZENS' ACADEMY
— A Community School —
CUYAHOGA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

IX. PENSION PLANS (Continued)

B. State Teachers Retirement System of Ohio (Continued)

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

Funding Policy – For fiscal year 2009, 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. 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, 2009, 2008, and 2007 were \$195,246, \$134,401 and \$149,440, respectively; 85.44 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

X. POST-EMPLOYMENT BENEFITS

A. School Employees Retirement System

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was

CITIZENS' ACADEMY
— A Community School —
CUYAHOGA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

X. POST-EMPLOYMENT BENEFITS (Continued)

A. School Employees Retirement System (Continued)

established and is administered in accordance with the Internal Revenue Code Section 401h. For 2009, 4.16 percent of covered payroll was allocated to health care. In addition employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, this amount was \$35,800.

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

The Academy's contributions for health care for the fiscal years ended June 30, 2009, 2008 and 2007 were \$32,702, \$23,065 and \$23,465, respectively; 79.80 percent has been contributed for fiscal year 2009, and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2009, this actuarially required allocation was 0.75 percent of covered payroll. The Academy's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008 and 2007 were \$5,896, \$6,902 and \$5,723, respectively; 79.80 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System of Ohio

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, 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, 2009, 2008 and 2007 were \$15,019, \$10,339 and \$11,495, respectively; 85.44 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

CITIZENS' ACADEMY
— A Community School —
CUYAHOGA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

XI. SCHOOL FUNDING

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

XII. CONTINGENCIES

1. Grants

The Academy received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Academy. 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, 2009.

2. Pending Litigation

A suit was filed in the U.S. District Court, Southern District of Ohio, Western Division on October 6, 2004 which challenges the funding of Charter Schools under Equal Protection, Due Process, and claims violation of a right to vote on the bodies administering public schools. This case is still pending. The effect of this suit, if any, on the Academy is not presently determinable.

XIII. PURCHASED SERVICES

Purchased Services include the following:

Occupancy Costs	\$ 395,193
Pupil Support Services	152,749
Administrative	410,638
Other	<u>3,271</u>
Total	<u>\$ 961,851</u>

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**CITIZENS' ACADEMY
 CUYAHOGA COUNTY
 FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2009**

Federal Grantor Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. Department of Agriculture</u>					
<i>Passed Through the Ohio Department of Education</i>					
Children Nutrition Cluster: School Breakfast Program	10.553	\$46,612		\$46,612	
National School Lunch Program	10.555	134,494	\$8,326	134,494	\$8,326
Total Nutrition Cluster		181,106	8,326	181,106	8,326
Total U.S. Department of Agriculture		181,106	8,326	181,106	8,326
<u>U.S. Department of Education</u>					
<i>Passed Through the Ohio Department of Education</i>					
<i>Special Education Cluster:</i>					
Special Education Preschool Grants	84.173	733		659	
Special Education Grants To States	84.027	117,059		118,294	
Total Special Education Cluster		117,792		118,953	
Title I Grants to Local Educational Agencies	84.010	335,364		387,328	
Safe and Drug-Free Schools and Communities State Grants	84.186	2,261		2,261	
State Grants for Innovative Programs	84.298	170		313	
Education Technology State Grants	84.318	4,733		5,324	
Improving Teacher Quality State Grants	84.367	41,222		41,931	
Total U.S. Department of Education		501,542		556,110	
Total Federal Assistance		\$682,648	\$8,326	\$737,216	\$8,326

The accompanying notes to this schedule are an integral part of this schedule.

**CITIZENS' ACADEMY
CUYAHOGA COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2009**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) summarizes activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

NOTE C – FOOD DONATION PROGRAM

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule as a component of the National School Lunch program at the fair value of the commodities received.

CFDA – Catalog of Federal Domestic Assistance



Mary Taylor, CPA

Auditor of State

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

Citizens' Academy
Cuyahoga County
1827 Ansel Road
Cleveland, Ohio 44106

To the Board of Directors:

We have audited the financial statements of Citizens' Academy, Cuyahoga County, Ohio (the Academy) as of and for the year ended June 30, 2009, and have issued our report thereon dated February 9, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Academy's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Academy's internal control will not prevent or detect a more than inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Academy's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the Academy's management in a separate letter dated February 9, 2010.

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, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2009-001.

We also noted a certain noncompliance or other matter that we reported to the Academy's management in a separate letter dated February 9, 2010.

We intend this report solely for the information and use of the audit committee, management, the Board of Directors, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

February 9, 2010



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO ITS MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Citizens' Academy
Cuyahoga County
1827 Ansel Road
Cleveland, Ohio 44106

To the Board of Directors:

Compliance

We have audited the compliance of Citizens' Academy, Cuyahoga County, Ohio, (the Academy) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended June 30, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the Academy's major federal program. The Academy's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program. Our responsibility is to express an opinion on the Academy's compliance based on our audit.

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

In our opinion, Citizens' Academy complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2009.

Internal Control Over Compliance

The Academy's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Academy's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control over compliance.

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A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Academy's ability to administer a federal program such that there is more than a remote likelihood that the Academy's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the Academy's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of the audit committee, management, the Board of Directors, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

February 9, 2010

**CITIZENS' ACADEMY
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FISCAL YEAR END JUNE 30, 2009**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(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?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Nutrition Cluster: School Breakfast Program CFDA #10.553 and National School Lunch CFDA # 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?	Yes

CITIZENS' ACADEMY
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FISCAL YEAR END JUNE 30, 2009
(Continued)

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

FINDING NUMBER 2009-001

Finding for Recovery – Repaid Under Audit

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. The Bulletin further states that the Auditor of State’s Office does not view the expenditure of public funds for alcoholic beverages as a proper public purpose and will issue findings for recovery for such expenditures as manifestly arbitrary and incorrect.

On February 2, 2009, the Academy expended \$44.95 for the purchase of alcohol for a board retreat.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended has been issued against Perry White, Executive Director, in the amount of forty-four dollars and ninety five cents (\$44.95) in favor of the Academy.

We brought this matter to the Academy’s attention. On January 28, 2010, Perry White, repaid \$44.95 to the Academy.

Official’s Response:

We will monitor our compliance with this rule more systematically in the future.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Citizens' Academy
Cuyahoga County
1827 Ansel Road
Cleveland, Ohio 44106

To the Board of Directors:

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on January 28, 2009.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - (3) A procedure for reporting prohibited incidents;
 - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;

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- (6) A procedure for documenting any prohibited incident that is reported;
- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

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

This report is intended solely for the information and use of the Audit Committee, the Board and management and is not intended to be and should not be used by anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

February 9, 2010



Mary Taylor, CPA
Auditor of State

CITIZENS ACADEMY

CUYAHOGA 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
MARCH 16, 2010