



**Auditor of State
Betty Montgomery**

TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Technological College Preparatory World Academy
Hamilton County
6000 Ridge Avenue
Cincinnati, Ohio 45213

To the Board of Trustees:

We have audited the accompanying balance sheet of the Technological College Preparatory World Academy, Hamilton County, Ohio (the School), as of June 30, 2003, and the related Statement of Revenues, Expenses, and Changes in Retained Earnings, and the Statement of Cash Flows for the year then ended as listed in the table of contents. These financial statements are the responsibility of the School'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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that 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 Technological College Preparatory World Academy, as of June 30, 2003, and the results of its operations and its 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 13, 2004 on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Betty Montgomery
Auditor of State

February 13, 2004

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY**

**BALANCE SHEET
AS OF JUNE 30, 2003**

Assets

Current Assets:

Cash	\$ 41,757
Intergovernmental Receivable	203,403
Loan Receivable from Director	<u>14,431</u>

Total Current Assets 259,591

Noncurrent Assets:

Fixed Assets (Net of Accumulated Depreciation)	<u>167,518</u>
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Total NonCurrent Assets 167,518

Total Assets \$ 427,109

Liabilities and Fund Equity

Current Liabilities:

Accrued Wages and Benefits	\$ 128,807
Intergovernmental Payable	19,901
Lease Payable	<u>69,093</u>

Total Current Liabilities 217,801

Noncurrent Liabilities:

Lease Payable	<u>80,903</u>
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Total NonCurrent Liabilities 80,903

Total Liabilities 298,704

Fund Equity:

Retained Earnings: Unreserved	<u>128,405</u>
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Total Fund Equity 128,405

Total Liabilities and Fund Equity \$ 427,109

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

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
RETAINED EARNING
FOR THE YEAR ENDED JUNE 30, 2003**

Operating Revenues

Foundation Payments	\$ 1,578,975
Disadvantaged Pupil Impact Aid	295,285
Food Service	8,310
Other Operating Revenue	<u>12,477</u>
Total Operating Revenues	<u>1,895,047</u>

Operating Expenses

Salaries	1,186,925
Fringe Benefits	351,494
Purchased Services	215,161
Materials and Supplies	328,662
Depreciation	78,519
Other Operating Expenses	<u>5,299</u>
Total Operating Expenses	<u>2,166,060</u>

Operating Loss (271,013)

Non-Operating Revenues/(Expenses)

Other State Grants	10,024
Federal Grants	316,913
Interest Income	1,392
Interest Expense	<u>(13,884)</u>
Total Non-Operating Revenues/(Expenses)	<u>314,445</u>

Net Income 43,432

Retained Earnings at Beginning of Year 84,973

Retained Earnings at End of Year \$ 128,405

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

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2003**

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities

Cash Received from State of Ohio	\$ 1,874,260
Cash Received for Food Service	8,310
Cash Payments to Employees for Services and their benefits	(1,547,865)
Cash Payments to Suppliers for Goods and Services	(543,823)
Other Operating Revenue	12,477
Other Operating Expense	(5,299)
	(201,940)

Net Cash Used by Operating Activities (201,940)

Cash Flows from Noncapital Financing Activities

State and Federal Grants Received	149,121
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Net Cash Provided by Noncapital Financing Activities 149,121

Cash Flows from Capital and Related Financing Activities

Acquisition of Capital Assets	(7,664)
Loan Repayment from Director	15,180
Capital Lease Payments including Interest	(78,000)
	(70,484)

Net Cash Used for Capital and Related Financing Activities (70,484)

Cash Flows from Investing Activities

Cash Received from Interest Revenue	1,392
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Net Cash Provided from Investing Activities 1,392

Net Decrease in Cash and Cash Equivalents (121,911)

Cash and Cash Equivalents at Beginning of Year 163,668

Cash and Cash Equivalents at End of Year \$ 41,757

**Reconciliation of Operating (Loss) to Net Cash
(Used) for Operating Activities**

Operating Loss \$ (271,013)

**Adjustments To Reconcile Operating Loss to Net Cash Provided/
(Used) for Operating Activities**

Depreciation	78,519
Changes in Assets and Liabilities:	
Decrease in Intergovernmental Payable	(1,263)
Decrease in Accrued Wages	(8,183)
	69,073

Total Adjustments 69,073

Net Cash Provided by Operating Activities \$ (201,940)

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

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**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003**

1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

Technological College Preparatory World Academy, Hamilton County, Ohio (the School), is a state governmental nonprofit corporation established pursuant to Ohio Rev. Code, Chapters 3314 and 1702, to provide an appropriate educational facility and program for grades kindergarten through eighth and to provide instruction in courses which meet general educational requirements compatible with and approved by the State of Ohio. The School, which is part of the state's education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School.

The School was approved for operation under contract with the State Board of Education (the Sponsor) for a period of five years commencing July 1, 2000. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

The School operates under the direction of a five-member Board. The Board is responsible for carrying out the provisions of the contract which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Board controls the School's one instructional/support facility staffed by 17 certificated full time teaching personnel and 18 noncertified personnel.

The School opened in Cincinnati in July of 2000 and is financed through the Ohio Department of Education, as well as through federal and state grants. The mission of the School is for the students to become academically involved, independent learners, through quality class participation, participation in micro-society activities, and utilizing technology for higher learning.

The Superintendent of the School and the Superintendent's brother, who is employed by the School, are members of the Board. See Note 11 for more information on the related party transactions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis Of Presentation

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

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basics 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 balance sheet. Operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

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

Revenues are recognized when they are earned. Expenses are recognized when they are incurred.

C. Budgetary

Unlike other public schools located in the state of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Chapter 5705, unless specifically provided in the School's contract with its Sponsor. The contract between the School and its Sponsor does not prescribe a budgetary process for the School.

D. Cash

All monies received by the School are accounted for by the School's Treasurer. For cash management, all cash received by the Treasurer is deposited within four different bank accounts.

The school had no investments or cash equivalents during the fiscal year.

E. Fixed Assets and Depreciation

Fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market value as of the date received. The School maintains a capitalization threshold of one thousand dollars for all fixed assets. The School 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 capitalized.

Depreciation of furniture and equipment is computed using the straight-line method over an estimated useful life of five to ten years. Improvements to fixed assets are depreciated over the remaining useful lives of the related fixed assets.

The building qualifies as a capital lease and is depreciable over the term of the lease, which is five years.

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Intergovernmental Revenue

The School currently participates in the State Foundation Program and the State Disadvantaged Pupil Impact Aid (DPIA) 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 School must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School on a reimbursement basis.

3. DEPOSITS

At June 30, 2003 the carrying amount of the School's deposits was \$41,757. The bank balance of the School's deposits was \$54,313. These deposits were covered by federal depository insurance.

4. RECEIVABLES

Receivables at June 30, 2003 consisted of intergovernmental receivables. All intergovernmental receivables are considered collectible in full, due to the stable condition of state programs and the current year guarantee of federal funds.

5. FIXED ASSETS

A summary of the School's fixed assets at June 30, 2003:

Furniture and Equipment	\$68,662
Building	<u>324,375</u>
Total Fixed Assets	393,037
Less: Accumulated Depreciation	<u>(225,520)</u>
Net Fixed Assets	<u>\$167,518</u>

There was no construction in progress at June 30, 2003.

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

6. RISK MANAGEMENT

A. Property and Liability

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2003, the School contracted with Hartford Casualty Insurance Company for property and general liability insurance. General liability is protected by Hartford Casualty Insurance Company with a \$1,000,000 single occurrence limit and \$2,000,000 aggregate and no deductible.

There were no settlements that exceeded insurance coverage for the year.

B. Employee Medical, Dental, and Vision Benefits

The School has contracted with a private carrier to provide employee medical/surgical and dental benefits. The School pays 100% of the monthly premium.

C. Worker's Compensation

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

7. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement benefits 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 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 43215-3476.

Plan members are required to contribute 9 percent of their annual covered salary and the School is required to contribute at an actuarially determined rate. The current School rate is 14 percent of annual covered payroll. A portion of the School's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2003, 8.17 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, up to a statutory maximum amount, by the SERS' Retirement Board. The School's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2003, 2002 and 2001 were \$39,800, \$18,119 and \$17,229 respectively; 100 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001.

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

7. DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System

The School participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. 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 East Broad Street, Columbus, Ohio 43215-3371 or by calling (614) 227-4090.

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 member contribution and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% 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 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. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. The option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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 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.

For the fiscal year ended June 30, 2003, plan members were required to contribute 9.3 percent of their annual covered salaries. The School was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teacher's Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School's required contribution for pension obligations for the fiscal years ended June 30, 2003, 2002 and 2001 were \$85,597, \$61,594 and \$46,310 respectively; 100 percent has been contributed for fiscal year 2003 and 100 percent for fiscal year 2002 and 2001.

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

8. POSTEMPLOYMENT BENEFITS

The School provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio Law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For the year ended June 30, 2003, the board allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. For the School, this amount equaled \$6,584.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2002 (the latest information available) the balance in the fund was \$3.011 billion. For the fiscal year ended June 30, 2002 net health care costs paid by STRS were \$354,697,000 and STRS had 105,300 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2003, employer contributions to fund health care benefits were 5.83 percent of covered payroll. In addition, SERS levied a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2003, the minimum pay was established at \$14,500. For the School, the amount to fund health care benefits, including surcharge, during 2003 fiscal year equaled \$28,401

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2002 (the latest information available), were \$182.9 million and the target level was \$274.4 million. At June 30, 2002, SERS had net assets available for payment of health care benefits was 335.2 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

9. STATE SCHOOL FUNDING DECISION

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed ". . . the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient . . ." The School is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

10. LEASE OF BUILDING/LOAN TO SCHOOL SUPERINTENDENT

The Superintendent of the School (The Superintendent is also the President of the Board) purchased the building in which the School is currently operating for \$324,375. The Superintendent borrowed \$54,000 from the School and used the proceeds for a portion of the down payment on the building. The Board approved by resolution that the Superintendent will pay the School back over forty months, \$15,000 each year for the first three years and the remaining amount in the fourth year. No interest will be paid.

In fiscal year 2003, \$15,180 was paid to the School. At June 30, 2003, \$14,431 is still due to the School and is shown as a Loan Receivable from Director on the financial statements.

The Superintendent leases the building to the School for \$6,500 a month with an imputed interest rate of 7.5% for five years. The lease qualifies as a capital lease and is recorded as a fixed asset at the present value of the future minimum lease payments. The building is depreciated by the School over the term of the lease and the capitalized value of the building is \$324,375. For fiscal year 2003, \$64,116 was paid in principal and \$13,884 was paid in interest.

The future minimum lease payments are as follows:

<u>Year Ended June 30</u>	
2004	\$78,000
2005	78,000
2006	<u>6,486</u>
Total minimum lease payments	162,486
Less: imputed interest	<u>(12,490)</u>
Present value of net minimum lease payments	<u>\$149,996</u>

Insurance of the building and the contents is the responsibility of the School.

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

11. RELATED PARTY TRANSACTIONS

The Superintendent's brother is employed as the School's Nurse/Disciplinarian and also holds a seat on the School's board.

As described in Note 10, at June 30, 2003, the School has an outstanding loan receivable of \$14,431 due from the Superintendent.

As described in Note 10, the School leases the building from the Superintendent for \$6,500 per month.

12. TAX EXEMPT STATUS

The School has obtained its 501(c)(3) tax exempt status. Management is not aware of any course of action or series of events that have occurred that might adversely affect the School's tax exempt status.

13. CONTINGENCIES

A. Grants

The School 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the School. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School at June 30, 2003.

B. Pending Litigation

A suit was filed in Franklin County Common Pleas Court on May 14, 2001, alleging that Ohio's Community (i.e. Charter) Schools program violates the state constitution and state laws. On April 21, 2003 the court dismissed the counts containing constitutional claims and stayed the other counts pending appeal of the constitutional issues. The plaintiffs appealed to the Court of Appeals, the issues have been briefed, and the case was heard for oral argument on November 18th, 2003. The effect of this suit, if any, on the School is not presently determinable.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Technological College Preparatory World Academy
Hamilton County
6000 Ridge Avenue
Cincinnati, Ohio 45213

To the Board of Trustees:

We have audited the financial statements of Technological College Preparatory World Academy, Hamilton County, Ohio (the School), as of and for the year ended June 30, 2003, and have issued our report thereon dated February 13, 2004. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the School in a separate letter dated February 13, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the School in a separate letter dated February 13, 2004.

This report is intended for the information and use of management, audit committee and the Board 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 "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

February 13, 2004

TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 §.315 (b)
JUNE 30, 2003

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
10431-2002-001	Fixed asset records were not properly maintained	Yes	

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**Auditor of State
Betty Montgomery**

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TECHNOLOGICAL COLLEGE PREPARATORY WORLD 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
MARCH 16, 2004**