



Dave Yost • Auditor of State



**HAMILTON COUNTY MATHEMATICS AND SCIENCE ACADEMY  
HAMILTON COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Hamilton County Mathematics and Science Academy  
Hamilton County  
2675 Civic Center Drive  
Cincinnati, Ohio 45321

To the Board of Directors:

### ***Report on the Financial Statements***

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Hamilton County Mathematics and Science Academy, Hamilton County, Ohio as of June 30, 2013, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

*Supplementary and Other Information*

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

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2014, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

Columbus, Ohio

June 24, 2014

**HAMILTON COUNTY MATHEMATICS AND SCIENCE ACADEMY  
HAMILTON COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Unaudited)**

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

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Government. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

**Financial Highlights**

- Total net position increased \$255,080 (from Table 1) in fiscal year 2013, which represent a 112% increase from the prior year.
- Total assets increased \$100,064 (from Table 1), which represents a 5% increase from the prior year. The increase in assets is primarily due to additional cash positions.
- Operating loss reported for fiscal year 2013 (\$279,606). There was an increase in operating revenues of \$148,868.

**Using this Financial Report**

This report consists of three parts, the MD&A, the basic financial statements, and notes to those statements. The basic financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows.

**HAMILTON COUNTY MATHEMATICS AND SCIENCE ACADEMY  
HAMILTON COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Unaudited)**

**Statement of Net Position**

The Statement of Net Position, answers the question, "How did we do financially during 2013?" These statements include all assets, liabilities, revenues and expenses, both financial and capital, and short-term and long-term using the accrual basis of accounting and economic resources focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

Table 1 provides a summary of the Academy's net assets for fiscal year 2013 compared with fiscal year 2012:

(Table 1)

**Net Position**

	2013	2012
<b>Assets</b>		
Current Assets	\$ 217,824	\$ 53,079
Capital Assets, Net	1,876,714	1,941,395
Deposits	-	-
Total Assets	2,094,538	1,994,474
<b>Liabilities</b>		
Current Liabilities	346,173	451,879
Non-Current Liabilities	1,266,540	1,315,850
Total Liabilities	1,612,713	1,767,729
<b>Net Position</b>		
Invested in Capital Assets	560,864	553,209
Unrestricted	(79,039)	(326,464)
Total Net Position	\$ 481,825	\$ 226,745

Total assets increased by \$100,064. This increase was primarily due to an increase in cash position. Current assets increased \$164,745 primarily due to an increase in cash position. Also, liabilities decreased \$155,016 primarily due to reductions in accounts payable and increased note payments on the financing of the building and improvements. These note payments reduced debt by 5.9 percent.



**HAMILTON COUNTY MATHEMATICS AND SCIENCE ACADEMY  
HAMILTON COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Unaudited)**

Table 2 shows the changes in net position for fiscal year 2013 and fiscal year 2012, as well as a listing of revenues and expenses.

	<u>2013</u>	<u>2012</u>
<b>Operating Revenues</b>		
Foundation Payments	\$ 3,036,325	\$ 2,930,025
Miscellaneous	122,995	80,427
Total Operating Revenues	<u>3,159,320</u>	<u>3,010,452</u>
<b>Operating Expenses</b>		
Salaries	1,895,697	1,821,874
Fringe Benefits	516,271	486,959
Purchased Services	735,790	712,218
Supplies and Materials	149,238	76,826
Depreciation	94,911	105,421
Other	47,019	38,634
Total Operating Expenses	<u>3,438,926</u>	<u>3,241,932</u>
Operating Loss	(279,606)	(227,480)
<b>Non-Operating Revenue and Expense</b>		
Federal & State Grants	622,569	363,063
Interest Expense	( 87,884)	( 92,966)
Total Non-Operating Revenues	<u>534,685</u>	<u>270,097</u>
Change in Net Position	255,079	42,617
Net Position Beginning of Year	<u>226,745</u>	<u>184,128</u>
Net Position End of Year	<u>\$ 481,824</u>	<u>\$ 226,745</u>

Operating revenues increased \$148,868 or 4.9% from the prior year. The increase was primarily the result of an increase in foundation payment revenues from the prior year due to improved student enrollment.

Total operating expenses of the Academy reported for fiscal year 2013 increased by \$196,995 or 6.08% compared to those reported for the previous fiscal year. The increases in expenses were due to the Academy's additional services required due to the increase in student enrollment.

Non-Operating Revenues from federal and state grants decreased by \$259,506 from prior year.

**HAMILTON COUNTY MATHEMATICS AND SCIENCE ACADEMY  
HAMILTON COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Unaudited)**

**Capital Assets**

At the end of fiscal year 2013, the Academy had \$1,876,714 invested in Buildings, Land and Furniture and Equipment, which represented a decrease of \$64,681 from 2012. Table 3 shows fiscal year 2013 and fiscal year 2012:

(Table 3)

**Capital Assets at June 30, 2013  
(Net of Depreciation)**

	2013	2012
Land	\$ 180,000	\$ 180,000
Building	1,479,543	1,520,642
Building Improvements	161,139	175,643
Equipment	56,032	65,110
Total	\$1,876,714	\$1,941,395

For more information on capital assets see Note 4 to the basic financial statements.

**Debt**

At June 30, 2013, the Academy had \$1,354,109 in debt outstanding, of which \$87,570 is due within one year. Table 4 summarizes outstanding notes.

(Table 4)

	2013	2012
Debt Note due within one year	\$ 87,571	\$ 124,168
Debt Note due in more than one year	1,266,540	1,315,850
Total	\$ 1,354,111	\$ 1,440,018

The Academy purchased the building (located at 2675 Civic Center Drive, Cincinnati, Ohio) in March 2010 for \$1,800,000 through PNC Bank with a \$1,440,000 mortgage, 60 month note at 6% containing a balloon payment in March 2015.

For more information on debt see Note 10 to the Basic Financial Statements.

**Contacting the Academy's Financial Management**

This financial report is designed to provide a general overview of the Hamilton County Mathematics and Science Academy finances and to show the Academy's accountability for the money it receives to all vested and interested parties, as well as meeting the annual reporting requirements of the State of Ohio. Any questions about the information contained within this report or request for additional financial information should be directed to Hamilton County Mathematics and Science Academy, 2675 Civic Center Drive, Cincinnati, Ohio 45231.

**HAMILTON COUNTY MATHEMATICS AND SCIENCE ACADEMY  
HAMILTON COUNTY  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2013**

**Assets**

Current Assets

Cash and Cash Equivalents	\$ 188,526
Intergovernmental Receivable	29,298
Total Current Assets	<u>217,824</u>

Non-Current Assets

Land	180,000
Depreciable Capital Assets (Net of Accumulated Depreciation)	1,696,714
Total Non-Current Assets	<u>1,876,714</u>
Total Assets	<u><u>\$ 2,094,538</u></u>

**Liabilities**

Current Liabilities

Account Payable	\$ 22,106
Accrued Wages	222,110
Intergovernmental Payable	14,387
ST/Debt - LOC's	38,260
Current Portion of LT Debt (Due in One Year)	49,310
Total Current Liabilities	<u>346,173</u>

Non-Current Liabilities

LT Debt Due in More than One Year	1,266,540
Total Non-Current Liabilities	<u>1,266,540</u>
Total Liabilities	<u><u>1,612,713</u></u>

**Net Position**

Net Investment in Capital Assets	560,864
Unrestricted (Deficit)	(79,039)
Total Net Position	<u><u>\$ 481,825</u></u>

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

**HAMILTON COUNTY MATHEMATICS AND SCIENCE ACADEMY  
HAMILTON COUNTY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<b>Operating Revenues</b>	
Foundation payments	\$ 3,036,325
Miscellaneous	122,995
Total Operating Revenues	<u>3,159,320</u>
<b>Operating Expenses</b>	
Salaries	1,895,697
Fringe Benefits	516,271
Purchased Services	735,790
Supplies and materials	149,238
Depreciation	94,911
Other	47,019
Total Operating Expenses	<u>3,438,926</u>
Operating Loss	(279,606)
<b>Non-Operating Revenues and Expenses</b>	
Federal & State Grants	622,569
Interest Expense	<u>(87,884)</u>
Total Non-Operating Revenues and Expenses	<u>534,685</u>
Change in Net Position	255,079
Net Position Beginning of Year	<u>226,745</u>
Net Position End of Year	<u><u>\$ 481,824</u></u>

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

**HAMILTON COUNTY MATHEMATICS AND SCIENCE ACADEMY  
HAMILTON COUNTY  
STATEMENT OF CASH FLOW  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Increase (Decreases) in Cash and Cash Equivalents:**

**Cash Flows from Operating Activities:**

Cash Received from State	\$ 3,036,325
Cash Received from Charges for Services & Other Receipts	77,743
Cash Payments to Employees for Services	(1,886,269)
Cash Payments for Employee Benefits	(539,653)
Cash Payment to Suppliers for Goods and Services	(948,199)
	<hr/>
Net Cash Used for Operating Activities	<u>(260,053)</u>

**Cash Flows from Noncapital Financing Activities:**

Grants Received	<u>640,701</u>
Net Cash from Noncapital Financing Activities	<u>640,701</u>

**Cash Flows from Capital and Related Financing Activities:**

Capital Purchases	(30,230)
Capital Lease Payments Including Interest	(49,999)
Mortgage Payments including Interest	<u>(123,792)</u>
Net Cash from Capital and Related Financing Activities	<u>(204,021)</u>

Net increase in cash and cash equivalents:	176,627
Cash and cash equivalents at beginning of year	<u>11,899</u>
Cash and cash equivalents at end of year	<u>\$ 188,526</u>

**Reconciliation of Operating Loss to Net Cash**

**Used for Operating Activities:**

Operating Loss	\$ (279,606)
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**Adjustments to Reconcile Operating Income (Loss) to Net**

**Cash Provided by Operating Activities:**

Depreciation	94,911
Changes in Assets and Liabilities:	
(Increase)Decrease in Intergovernmental Receivable	(6,250)
Increase/(Decrease) in Accounts Payable	(78,536)
Increase/(Decrease) in Payroll Liabilities	9,428
Increase/(Decrease) in Intergovernmental Payable	-
	<hr/>
Total Adjustments	<u>19,553</u>

Net cash used by operating activities	<u>\$ (260,053)</u>
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The notes to the financial statements are an integral part of this statement.

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**HAMILTON COUNTY MATHEMATICS AND SCIENCE ACADEMY  
HAMILTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY**

Hamilton County Mathematics and Science Academy, Hamilton County, Ohio (the Academy), is a nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to address the needs of students in kindergarten through grade eight. The Academy, which is part of the State'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.

The Academy was approved for operation under contract with the Ohio Department of Education (the Sponsor) for a period of five years commencing July 1, 2001. However, the Ohio State Board of Education subsequently decided to suspend its sponsorship of community schools and the Academy obtained Lucas County Educational Service Center as its sponsor for the school year beginning July 1, 2005. They were replaced by Educational Resource Consultants of Ohio Inc. as its sponsor in January 2006.

The Academy operates under the direction of a five-member Board of Trustees (the Board). The Board is responsible for carrying out the provisions of the contract with the Sponsor, which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Board of Trustees controls the Academy's one instructional/support facility staffed by 26 full-time teaching personnel who provided services to 500 students.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Academy have been prepared in conformity with the 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 more significant of the Academy's accounting policies are described below.

**HAMILTON COUNTY MATHEMATICS AND SCIENCE ACADEMY  
HAMILTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Basis of Presentation**

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

The Academy uses enterprise accounting to maintain its financial records. Enterprise fund reporting focuses on the determination of the change in net assets, financial position and cash flows.

**B. 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 position. The statement of changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the Academy finances meets the cash flow needs of its enterprise activities.

**C. Basis of Accounting**

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.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Non-exchange transaction, in which the Academy receives value without directly giving equal value in return, includes grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Academy must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis.

Expenses are recognized at the time they are incurred.



**HAMILTON COUNTY MATHEMATICS AND SCIENCE ACADEMY  
HAMILTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Budgetary Process**

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code, Chapter 5705, unless specifically provided in the contract between the Academy and its sponsor. The contract between the Academy and its Sponsor, the Educational Resource Consultants of Ohio Inc., does not prescribe a formal budgetary process for the Academy; therefore no budgetary information is presented in the financial statements.

**E. Cash and Cash Equivalents**

All monies received by the Academy are maintained in a demand deposit account. For internal accounting purposes, the Academy segregates its cash into separate funds. Total cash is presented as “cash” on the accompanying statement of net position.

**F. Capital Assets and Depreciation**

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Academy maintains a capitalization threshold of one thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not.

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

Furniture and Equipment	5 years
Building	40 years
Building Improvements	15 years

**G. Net Position**

Net position represents the difference between assets and liabilities. Assets, net of related debt, consist 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.

**HAMILTON COUNTY MATHEMATICS AND SCIENCE ACADEMY  
HAMILTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activities. For the Academy, these revenues are primarily foundation payments. Operation expenses are the necessary costs incurred to provide the goods or services that occur in carrying out the primary activity of the Academy. Revenues and expenses not meeting this definition are reported as non-operating.

**I. Contributions of Capital**

Contributions of capital arise from outside contributions of capital assets, or from grants or outside contributions of resources restricted to capital acquisition and construction. The Academy received no capital contributions during fiscal year 2013.

**J. 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.

**3. DEPOSITS**

At fiscal year end, the carrying amount of the Academy's deposits was \$188,526 and the bank balance was \$191,430. Of the bank balance, all \$191,430 was covered by federal depository insurance and \$0 was uncollateralized.

**HAMILTON COUNTY MATHEMATICS AND SCIENCE ACADEMY  
HAMILTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**4. CAPITAL ASSETS**

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

	Balance 06/30/12	Additions	Deletions	Balance 06/30/13
<b>Business-Type Activity</b>				
Capital Assets Not Being Depreciated				
Land	\$ 180,000	-		\$ 180,000
Capital Assets Being Depreciated				
Building	1,643,937	-		1,643,937
Building Improvements	217,566	-		217,566
Equipment	293,359	30,230	-	323,589
Total Capital Assets Being Depreciated	2,154,862	30,230	-	2,185,092
Less Accumulated Depreciation:				
Building	123,295	41,098		164,393
Building Improvements	41,923	14,504		56,427
Equipment	228,249	39,309		267,558
Total Accumulated Depreciation	393,467	94,911	-	488,378
Total Capital Assets Being Depreciated, Net	1,761,395	( 64,681)	-	1,696,714
Business-Type Activity Capital Assets, Net	\$1,941,395	(64,681)	-	\$1,876,714

The Academy purchased the building (located at 2675 Civic Center Drive, Cincinnati, Ohio) in March 2010 for \$1,800,000 through PNC Bank with a \$1,440,000 mortgage, 60 month note at 6% containing a balloon payment in March 2015.

**HAMILTON COUNTY MATHEMATICS AND SCIENCE ACADEMY  
HAMILTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**5. RISK MANAGEMENT**

**A. Property and Liability**

The Academy is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. For fiscal year 2013, the Academy contracted with a commercial carrier for general liability, rental/theft, and directors and officers' liability insurance.

There has been no significant change in insurance coverage from last year. Settled claims have not exceeded commercial coverage in either of the past two years.

**B. Workers Compensation**

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

**6. DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The Academy contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources

**Funding Policy**

Plan members are required to contribute 10 percent of their annual covered salary and the Academy is required to contribute 14 percent of annual covered payroll. 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 Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2013, the allocation to pension and death benefits is 13.10%. The remaining .90% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds.

The Academy's contributions to SERS for the year ended June 30, 2013, 2012 and 2011 was \$80,969, \$74,082 and \$67,332, respectively; 100% has been contributed for all years.

**HAMILTON COUNTY MATHEMATICS AND SCIENCE ACADEMY  
HAMILTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**B. State Teachers Retirement System of Ohio**

The Academy 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 E. Broad St., Columbus, OH 43215-3371, or by calling toll-free 1-888-227-7877, or by visiting the STRS Ohio web site at [www.strsoh.org](http://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% of earned compensation into an investment account. Investment decisions are made by the member. A of its consulting actuary, 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.

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 disable 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.

For fiscal year ended June 30, 2013, plan members were required to contribute 10% of their annual covered salaries. The Academy was required to contribute 14%; 13% was the portion used to fund pension obligations. Contribution rates are established by the State Teacher Retirement Board, upon recommendation 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 Academy's required contributions for pension obligations to STRS Ohio for the fiscal years June 30, 2013, 2012, and 2011 were \$213,726 , \$204,028, and \$228,408 respectively; 100% has been contributed for all years.

**HAMILTON COUNTY MATHEMATICS AND SCIENCE ACADEMY  
HAMILTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**7. POSTEMPLOYMENT BENEFITS**

The Academy provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio), 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 Systems based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

**A. State Teachers Retirement System of Ohio**

Ohio law authorizes STRS to offer a cost-sharing, multiple employer health care plan to eligible retirees who participated in the defined benefit or combined plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

Pursuant to 3307 of the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

Under Ohio law funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 1% of covered payroll was allocated to post-employment health care. The Academy's contributions for health care for fiscal year ended June 30, 2013 was \$14,128.

**B. School Employees Retirement Pension**

In addition to a cost-sharing multiple-employer defined benefit pension plan for the School Employees Retirement System of Ohio (SERS) administers two post-employment benefit plans.

The Medicare Part B Plan reimburse Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised code 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2013 was \$104.90 for most participants but could be as high as \$335.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2013, the actuarially required allocation is 0.74%. The Academy's contribution for the year ended June 30, 2013 was \$3,574, which equaled the required contributions.

**HAMILTON COUNTY MATHEMATICS AND SCIENCE ACADEMY  
HAMILTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Health Care Plan

ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue code 105(e). Each year, after the allocation for statutorily required benefits, the Retirement Board allocated the remainder of the employer's 14% contribution to the Health Care Fund. For the year ended June 30, 2013, the health care allocation is .16%. An additional health care surcharge on employers is collected for employee earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. State law provides that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2013, the minimum compensation level was established at \$20,525. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The Academy's contributions assigned to health care for the year ended June 30, 2013 was \$7,104.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its Comprehensive Annual Financial Report. The report can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

**HAMILTON COUNTY MATHEMATICS AND SCIENCE ACADEMY  
HAMILTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**8. EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave components are derived from policies and procedures approved by the Board of Trustees. Administrators and classified staff earn up to ten days of vacation per year, depending upon the position, schedule hours, and length of service.

Each full-time employee receives three personal days per calendar year. Personal days not used at the end of the calendar year are lost.

Each full-time employee can earn sick leave up to a maximum of 15 days.

**B. Insurance Benefits**

The Academy provides health and life insurance to all employees through a private carrier.

**9. CAPITAL LEASE – LESSEE DISCLOSURE**

During the fiscal year 2008, the Academy refinanced an existing lease agreement with First Federal Leasing and included additional purchases of playground equipment into a 60 month lease agreement with First Federal Leasing.

During the fiscal year 2010 the Academy entered into two 36 month lease agreement with Apple Financial Services, for the acquisition of computer equipment. The terms of the Agreement provide options to purchase the equipment. Payments are \$2,157 and \$1,419 per month with interest at 16.73%. The leases expire in 2013.

During the fiscal year 2010 the Academy entered into a 60 month lease agreement with Sonitrol of SW Ohio, for the acquisition of a security system. The terms of the Agreement provide options to purchase the equipment. Payments are \$300 per month with interest at 16.12%. The leases expire in 2015.

During the fiscal year 2010 the Academy entered into a 24 month lease agreement with Satellite Shelters, Inc, for the acquisition of two modular doublewide classrooms. The terms of the Agreement provide options to purchase the equipment. Payments are \$1,700 per month with interest at 15.76%. The leases expired in 2011. The option to purchase was not exercised. Terms beginning December, 2011 require \$1,700/month lease payments.



**HAMILTON COUNTY MATHEMATICS AND SCIENCE ACADEMY  
HAMILTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

These leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

The following is a schedule of the future minimum lease payments.

Year Ending	Amount
June 30, 2013	34,347
June 30, 2014	3,597
June 30, 2015	3,298
Total minimum lease payments	41,242
Less: Amounts representing imputed interest cost	1,580
Present value of minimum lease payments	\$39,662

**10. DEBT**

During the fiscal year 2012, the Academy entered into a promissory note arrangement with Mt. Zion Federal Credit Union for \$11,919.40. Terms are for 18 consecutive months at 6.5% interest with the first payment due August, 2011 of \$696.79. The note is secured with various office furniture, a Minolta black and white copier and a Minolta color copier used as collateral. The Academy accelerated payments with no prepayment penalty. Balance as of June 30, 2013 was \$0.00.

During the fiscal year 2012, the Academy entered into a commercial loan/revolving note arrangement with Fifth Third Bank for \$50,000. Terms are for floating interest rate per annum equal to a certain percentage over the Prime Rate not be less than 4.25%. Balance as of June 30, 2013 was \$38,260.26.

**HAMILTON COUNTY MATHEMATICS AND SCIENCE ACADEMY  
HAMILTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Debt**

The activity of the Academy's debt is summarized as follows:

<u>Obligations</u>	<u>Principal Outstanding 6/30/12</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Principal Outstanding 6/30/13</u>	<u>Amounts Due in One Year</u>	<u>Amounts Due in More Than One Year</u>
Mortgage Loan - US Bank	1,353,712	-	43,760	1,309,952	46,459	1,263,494
Capital Lease - Apple (1)	10,173	-	10,173	-	-	-
Capital Lease - Apple (2)	15,974	-	15,974	-	-	-
Capital Lease – Security	8,327	-	2,430	5,897	2,851	3,046
Promissory Note - Mt Zion	5,351	-	5,351	-	-	-
Commercial Note - 5/3 <sup>rd</sup>	46,480	-	8,220	38,260	38,260	-
<b>Total</b>	<u>1,440,017</u>	<u>-</u>	<u>85,908</u>	<u>1,354,109</u>	<u>87,570</u>	<u>1,266,540</u>

**11. CONTINGENCIES**

**A 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, 2013.

**B State Funding**

The Ohio Department of Education reviews enrollment data and full time equivalency (FTE) calculations made by the schools. These reviews ensure the schools are reporting accurate student enrollment data of the State, upon which state foundation funding is calculated. The Academy does not anticipate any material adjustments to state funding for fiscal year 2014 as a result of such review.

**HAMILTON COUNTY MATHEMATICS AND SCIENCE ACADEMY  
HAMILTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**12. PURCHASED SERVICES**

For the year ended June 30, 2013, the purchased service expenses were comprised of the following:

Professional & Technical	\$ 187,468
Staff Development	960
Management Services	91,045
Food Service	162,632
Legal Services	752
Communications	65,829
Postage & Printing	2,596
Pupil Transportation	12,551
Tax, Accounting and Auditing Services	36,477
Repair & Maintenance	62,226
Gas & Electricity	48,612
Water & Sewer	12,681
Miscellaneous	47,414
Advertising	4,547
Total Purchased Services	<u><u>\$ 735,790</u></u>

**13. SUBSEQUENT EVENTS**

There are no subsequent events.

**14. CHANGE IN ACCOUNTING PRINCIPLES**

For 2013, the Academy implemented Governmental Accounting Standard Board (GASB) Statement No.62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements" and GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position."

GASB Statement No. 62 incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure issued on or before November 30, 1989 which does not conflict with or contradict GASB pronouncements.

**HAMILTON COUNTY MATHEMATICS AND SCIENCE ACADEMY  
HAMILTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**14. CHANGE IN ACCOUNTING PRINCIPLES (Continued)**

Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. GASB 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position.

The implementation of GASB Statement No. 62 had no effect on the financial statements, while GASB Statement No. 63 resulted in certain account name changes in the financial statements.

**Hamilton County Mathematics and Science Academy  
Hamilton County**

**Schedule of Federal Awards Receipts and Expenditures  
For the Year Ended June 30, 2013**

<b>Federal Grants/ Pass Through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Disbursements</b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
Passed Through Ohio Department of Education:			
Nutrition Cluster:			
National School Breakfast Program - 9012	10.553	\$ 2,446	\$ -
National School Breakfast Program - 9013	10.553	\$ 31,486	\$ 31,602
National School Lunch Program - 9012	10.555	\$ 15,685	\$ -
National School Lunch Program - 9013	10.555	\$ 189,200	\$ 181,389
Total Nutrition Cluster		<u>\$ 238,817</u>	<u>\$ 212,991</u>
Fresh Fruit & Vegetable Program - 2013	10.582	\$ 2,850	\$ -
Total U.S. Department of Agriculture		<u>241,667</u>	<u>212,991</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
Passed Through Ohio Department of Education:			
Title I Cluster:			
Title I Grants to Local Educational Agencies - 9013	84.010	249,704	230,382
Title I Grants to Local Educational Agencies - 9012	84.010	-	16,068
Total Title I Cluster		<u>249,704</u>	<u>246,450</u>
Special Education Cluster:			
Special Education Grants to States - 9013	84.027	122,549	104,766
Total Special Education Cluster		<u>122,549</u>	<u>104,766</u>
Improving Teacher Quality - 9013	84.367	6,274	6,274
Total U.S. Department of Education		<u>378,527</u>	<u>357,490</u>
<b>Total Federal Awards</b>		<u><u>620,194</u></u>	<u><u>570,481</u></u>

**HAMILTON COUNTY MATHEMATICS AND SCIENCE ACADEMY  
HAMILTON COUNTY**

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

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

The accompany Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports Hamilton County Mathematics and Science Academy's (the Academy's) federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

**NOTE B – CHILD NUTRITION CLUSTER**

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



# Dave Yost • Auditor of State

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

Hamilton County Mathematics and Science Academy  
Hamilton County  
2675 Civic Center Drive  
Cincinnati, Ohio 45321

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Hamilton County Mathematics and Science Academy, Hamilton County, Ohio (the Academy) as of and for the year ended June 30, 2013, and the related notes to the financial statements, and have issued our report thereon dated June 24, 2014.

### ***Internal Control Over Financial Reporting***

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the School's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

### ***Compliance and Other Matters***

As part of reasonably assuring whether the Academy's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

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

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

June 24, 2014





# Dave Yost • Auditor of State

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

Hamilton County Mathematics and Science Academy  
Hamilton County  
2675 Civic Center Drive  
Cincinnati, Ohio 45321

To the Board of Directors:

### ***Report on Compliance for Each Major Federal Program***

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

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

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

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

### ***Opinion on Each Major Federal Program***

In our opinion, Hamilton County Mathematics and Science Academy complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2013.

***Report on Internal Control Over Compliance***

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

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

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 over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



**Dave Yost**  
Auditor of State

Columbus, Ohio

June 24, 2014

**HAMILTON COUNTY MATHEMATICS AND SCIENCE ACADEMY  
HAMILTON COUNTY**

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

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Nutrition Cluster CFDA #10.555 and 10.553 Special Education Cluster CFDA #84.027
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

Hamilton County Mathematics and Science Academy  
Hamilton County  
2675 Civic Center Drive  
Cincinnati, Ohio 45321

To the Board of Education:

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on November 9, 2011 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

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

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

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

June 24, 2014

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# Dave Yost • Auditor of State

**HAMILTON COUNTY MATHEMATICS AND SCIENCE 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  
JULY 15, 2014**