A. B. MIREE FUNDAMENTAL ACADEMY
HAMILTON COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2004

Auditor of State
Betty Montgomery

A. B. MIREE FUNDAMENTAL ACADEMY
HAMILTON COUNTY

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Auditor of State
Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

A. B. Miree Fundamental Academy
Hamilton County
1660 Sternblock Lane
Cincinnati, Ohio 45237

To The Board of Trustees:

We have audited the accompanying basic financial statements of the A. B. Miree Fundamental Academy, Hamilton County, Ohio (the Academy), as of June 30, 2004, as listed in the table of contents. These financial statements are the responsibility of the Academy's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Academy as of June 30, 2004, and changes in financial position and it's cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended June 30, 2004, the Academy implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2005, on our consideration of the Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards.* You should read it in conjunction with this report in assessing the results of our audit.

Corporate Centre of Blue Ash / 11117 Kenwood Rd. / Blue Ash, OH 45242
Telephone: (513) 361-8550 (800) 368-7419 Fax: (513) 361-8577
www.auditor.state.oh.us

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

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

Betty Montgomery

Betty Montgomery
Auditor of State

June 15, 2005

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Unaudited)

The discussion and analysis of the A. B. Miree Fundamental 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, 2004. 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 new 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 issued June, 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

- In total, net assets increased $131,163 (from Table 1) which represents a 32 percent increase from 2003. This was due to an increase in student aid tempered by an increase in purchase commitments benefiting the ensuing school year.

- Total assets increased $82,286 (from Table 1) which represents a 7.3 percent increase from 2003. The principal components of this increase were the inflationary impact of state funding on a nearly static student base plus an increase in Child Nutrition reimbursement from the previous year.

- Liabilities decreased $48,878 which represents a 6.8 percent decrease from 2003. The decrease in payables was primarily due to timing of service and supply orders placed that benefit the FY 2005 school year to take benefit of any promotional discounts offered.

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

Statement of Net Assets

The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets, answers the question, "How did we do financially during 2004?" 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 2004 and fiscal year 2003:

(Table 1)

Net Assets

	2004	(Restated) 2003	Variance
Assets			
Current Assets	$593,460	$224,125	$369,335
Capital Assets, Net	533,110	820,159	($287,049)
Total Assets	1,126,570	1,044,284	82,286
Liabilities			
Current Liabilities	494,796	338,235	$156,561
Non-Current Liabilities	223,953	429,392	($205,439)
Total Liabilities	718,749	767,627	(48,878)
Net Assets			
Invested in Capital Assets	309,157	0	$309,157
Unrestricted	98,663	276,657	($177,994)
Total Net Assets	$407,820	$276,657	$131,163

Total assets increased $82,286. This increase was primarily due to an inflationary increase in state subsidies. Equity in pooled cash and cash equivalents increased by $295,499 from 2003. Intergovernmental Receivables increased by $73,836. This increase was due to the timing of the receipt of some grants. Capital Assets, net of depreciation decreased by $287,049. This decrease was the result of a gap occasioned by the Academy's policy of writing off the cost of Leasehold Improvements over the five year life of the Lease. The multiplicative effect of this policy burdens each year's results with an ever increasing charge if, as was the case here, increments of cost are added over the life of the lease so that the charge for the first year (5 year life) would be a level 20% throughout the lease life, but additions would be amortized at greater rates the nearer the end to the lease life additions occurred; from 25% in year 2 to 100% in year 5.

Table 2 shows the changes in net assets for fiscal year 2003 and fiscal year 2004, as well as a listing of revenues and expenses.

(Table 2)

Change in Net Assets

	2004	(Restated) 2003	Variance
Operating Revenues:			
Foundation Payments	$2,139,120	$1,879,514	$259,606
Disadvantaged Pupil Impact Aid	310,909	304,813	$6,096
Other	25,050	18,076	$6,974
Non-Operating Revenues:			
Federal and State Grants	537,146	506,116	$31,030
Other	147,310	18,076	$129,234
Total Revenues	3,159,535	2,726,595	$432,940
Operating Expenses			
Salaries	1,088,547	1,250,108	($161,561)
Fringe Benefits	493,000	353,478	$139,522
Purchased Services	731,190	686,533	$44,657
Materials and Supplies	173,692	123,465	$50,227
Depreciation	480,856	392,416	$88,440
Other Expenses	41,216	47,118	($5,902)
Non-Operating Expenses:			
Interest	19,871	40,411	($20,540)
Total Expenses	3,028,372	2,893,529	$134,843
Change in Net Assets	$131,163	($166,934)	$298,097

Net asset change from 2003 to 2004, was driven by the increase in Federal and State Grants chief among which were Federal Programs for Academic Academy Improvement and entitlement increase from the Academy Nutrition Fund. There was an increase in revenues of $432,940 and an increase in expenses of $134,843 from 2003. The increase in revenues chiefly resulted from the aforementioned grants. Depreciation expense increased $88,440 and Purchased Services, Materials and Supplies, and Other Expenses combined to increase by $88,982. This increase was a combination of normal inflationary increases plus timing of purchase order placement. Salaries and Fringes decreased $22,039 due to staffing adjustments occasioned by student population shifts.

Capital Assets

At the end of fiscal year 2004 the Academy had $533,110 invested in Leasehold Improvements, Furniture & Equipment, and Capital Leases which represented a decrease of $287,049 from 2003. Table 3 shows fiscal year 2004 and fiscal year 2003:

(Table 3)

Capital Assets at June 30, 2004
(Net of Depreciation)

	2004	2003	Variance
Leasehold Improvements	441,147	718,928	($277,781)
Furniture, Fixtures, and Equipment	83,386	90,334	($6,948)
Capital Lease	8,577	10,897	($2,320)
Totals	$533,110	$820,159	($287,049)

For more information on capital assets see Note 5 to the basic financial statements.

Debt – Notes Payable

At June 30, 2004, the District had $215,376 in debt outstanding, $215,376 due within one year. Table 4 summarizes bonds outstanding.

Table 4
Outstanding Debt, at Year End

	2003	2004
Total:		
Commercial Loans:		
Park National Bank Loan Notes Payable	$295,702	$152,218
Park National Bank Loan Notes Payable	122,790	63,157
Total	$418,493	$215,376

The Academy renews both notes annually.

Current Financial Issues

The A B Miree Fundamental Academy, Hamilton County, Ohio (the Academy), was formed in 2000. During the 2003-2004 school year there were approximately 376 students enrolled in the Academy. The Academy receives its finances mostly from state aide. Per pupil aide for fiscal year 2004 amounted to $6,561 per student.

Contacting the Academy's Financial Management

This financial report is designed to provide our citizens with a general overview of the Academy's finances and to show the Academy's accountability for the money it receives. If you have questions about this report or need additional information contact Robert Witt, Treasurer, at A. B. Miree Fundamental Academy, 1660 Sternblock Lane, Cincinnati, Ohio, 45237.

A. B. MIREE FUNDAMENTAL ACADEMY
HAMILTON COUNTY

STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2004

Assets	
Current Assets:	
Equity in Pooled Cash	$443,661
Intergovernmental Receivables	149,799
Total Current Assets	593,460
Non-Current Assets:	
Capital Assets:	
Depreciable Capital Assets, Net	533,110
Total Non-Current Assets	533,110
Total Assets	$1,126,570
Liabilities	
Current Liabilities:	
Accounts Payable	$99,510
Contracts Payable	207,660
Accrued Wages and Benefits	162,517
Intergovernmental Payable	25,109
Total Current Liabilities	494,796
Non-Current Liabilities	
Due Within One Year	217,840
Due In More Than One Year	6,113
Total Non-Current Liabilities	223,953
Total Liabilities	718,749
Net Assets	
Invested in Capital Assets, Net of Related Debt	309,157
Unrestricted	98,663
Total Net Assets	**$407,820**

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

A. B. MIREE FUNDAMENTAL ACADEMY
HAMILTON COUNTY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2004

Operating Revenues	
Foundation Payments	$2,139,120
Disadvantaged Pupil Impact Aid	310,909
Other Revenues	25,050
Total Operating Revenues	2,475,079
Operating Expenses	
Salaries	1,088,547
Fringe Benefits	493,000
Purchased Services	731,190
Materials and Supplies	173,692
Depreciation	480,856
Other	41,216
Total Operating Expenses	3,008,501
Operating Loss	(533,422)
Non-Operating Revenues and Expenses	
Other Federal and State Grants	537,146
Interest	(19,871)
Federal and State Meal Subsidies	147,310
Total Non-Operating Revenues and Expenses	664,585
Change in Net Assets	131,163
Net Assets Beginning of Year , Restated	276,657
Net Assets End of Year	**$407,820**

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

A. B. MIREE FUNDAMENTAL ACADEMY
HAMILTON COUNTY

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2004

Cash Flows from Operating Activities	
Cash Received from State of Ohio	$2,450,030
Cash Payments to Employees for Services	(1,560,811)
Cash Payments to Suppliers for Goods and Services	(878,795)
Other Operating Revenue	25,050
Net Cash Provided by Operating Activities	35,474
Cash Flows from Noncapital Financing Activities	
State and Federal Grants Received	610,619
Net Cash Provided by Noncapital Financing Activities	610,619
Cash Flows from Capital and Related Financing Activities	
Acquisition of Capital Assets	(125,285)
Capital Lease Payments Including Interest	(2,911)
Repayment of Loan Including Interest	(222,398)
Net Cash Used Capital and Related Financing Activities	(350,594)
Net Increase in Cash and Deposits	295,499
Cash and Cash Equivalents at Beginning of Year	148,162
Cash and Cash Equivalents at End of Yea	$ 443,661
Reconciliation of Operating Income to Net Cash Provided Used for Operating Activities:	
Operating Loss	$ (533,421)
Adjustments To Reconcile Operating Income (Loss) to Net Cash Provided (Used) for Operating Activities:	
Depreciation	480,856
Changes in Assets and Liabilities:	
Increase (Decrease) in Accounts Payable	79,336
Increase (Decrease) in Accrued Wages	7,538
Increase (Decrease) in Intergovernmental Payable	1,165
Total Adjustments	568,895
Net Cash (Used) Provided by Operating Activitie	**$ 35,474**

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

NonCash Operating Activitie
Changes in Accounts Payable only reflect payables relating to operating expenses.

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1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

A. B. Miree Fundamental Academy, Hamilton County, Ohio (the Academy), is a nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to address the needs of students in grades K through twelve. The Academy, 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 Academy may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the Academy. A. B. Miree Fundamental Academy qualifies as an exempt organization under Section 501c (3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect the school's tax exempt status.

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, 2000. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

The Academy operates under the direction of a seven-member Board of Directors. The Board of Directors is responsible for carrying out the provisions of the contract which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Board of Directors controls the Academy's one instructional/support facility staffed by 18 non-certified and 29 certificated full time teaching personnel who provide services to 380 students.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the A. B. Miree Fundamental Academy 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 Academy 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 Academy's accounting policies are described below.

A. Basis Of Presentation

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

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 assets. The statement of changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Academy finances and 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 transactions, in which the Academy receives value without directly giving equal value in return, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the 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.

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 does not prescribe a budgetary process for the Academy; therefore no budgetary information is presented in the financial statements.

E. Cash Deposits

All monies received by the Academy are accounted for by the Academy's Chief Financial Officer. For cash management, all cash received by the chief financial officer is pooled in a non-interest bearing central bank account. Total cash for the Academy is presented as "equity in pooled cash" on the accompanying statement of net assets.

The Academy had no investments during the fiscal year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 five hundred dollars. The Academy does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land are depreciated. 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:

Leasehold Improvements	5 years
Furniture and Equipment	5 years

G. Net Assets

Net assets represent 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.

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. Operating 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. 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. CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE

A. Changes in Accounting Principles

For fiscal year 2004, the Academy has implemented GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments", GASB Statement No. 37, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus", Statement No. 38, "Certain Financial Statement Note Disclosures", GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units", GASB Statement No. 41, "Budgetary Comparison Schedules – Perspective Differences", and GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements."

3. CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE (Continued)

GASB Statement No. 34 creates new basic financial statements for reporting on the Academy's financial activities.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures that potentially could arise, in interpretation and practice.

GASB Statement No. 37 clarifies certain provisions of GASB Statement No. 34, including the required content of Management's Discussion and Analysis, the classification of program revenues and the criteria for determining major funds.

GASB Statement No. 38 modifies, establishes and rescinds certain financial statement not disclosures.

GASB Statement No. 39 further defines the guidelines of GASB Statement No. 14, "The Financial Reporting Entity". The implementation of this new statement had no effect on the Academy's financial statements for fiscal year 2004.

The Academy's only enterprise fund had retained earnings of $98,663 which was reclassified to unrestricted net assets.

B. Restatement of Fund Balance

The restatement due to a change in amounts reported as intergovernmental payables relating to STRS and SERS payments had the following effect on the fund balance of the Academy as was previously reported.

Fund Equity June 30, 2003	239,697
Correction of an Error	36,960
Adjusted Net Assets	276,657

4. DEPOSITS

At fiscal year end, the carrying amount of the Academy's deposits was $443,361 and the bank balance was $446,048. The Academy also had petty cash on hand of $300 at year end. Of the bank balance, $100,000 was covered by federal depository insurance and $346,048 was uninsured and uncollateralized.

Investments: The Academy had no investments at June 30, 2004, or during the fiscal year.

5. RECEIVABLES

Receivables at June 30, 2004, consisted of accounts and intergovernmental grants. All receivables are considered collectible in full and will be received within one year.

A summary of the principal items of intergovernmental receivables follows:

Title I – Disadvantaged Children	$ 29,877
Title I – School Improvement	50,000
Title I – Reading Intervention	6,154
Title IIA – Class Size Reduction	8,724
Title VI - Innovative Assistance Program	6,624
National School Lunch Program	48,420
Total All Intergovernmental Receivables	$149,799

6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2004:

	Balance 6/30/03	Additions	Deletions	Balance 6/30/04
Business-Type Activity				
Capital Assets Being Depreciated				
Leasehold Improvements	$ 1,536,005	$ 163,364	$ -	$ 1,699,369
Capital Lease	12,549	0	0	12,549
Furniture, Fixtures, and Equipment	141,720	30,443	0	172,163
Total Capital Assets Being Depreciated	1,690,274	193,807	0	1,884,081
Less Accumulated Depreciation:				
Leasehold Improvements	817,078	441,146	0	1,258,224
Capital Lease	1,652	2,320	0	3,972
Furniture, Fixtures, and Equipment	51,386	37,389	0	88,775
Total Accumulated Depreciation	870,116	480,855	0	1,350,971
Total Capital Assets Being Depreciated, Net	820,158	(287,048)	0	533,110
Business-Type Activity Capital Assets, Net	$820,158	($287,048)	$0	$533,110

7. RISK MANAGEMENT

A. Property and Liability

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2003, the Academy contracted with Olverson Insurance Agency for property and general liability insurance. There is a $1,000 deductible with a one hundred percent blanket, all risk policy.

General Liability is also provided by Olverson Insurance Company with a $1,000,000 single occurrence limit and $1,000,000 aggregate and $1,000 deductible.

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.

8. 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. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (614) 222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the Academy is required to contribute at an actuarially determined rate. The current Academy rate is 14 percent of annual covered payroll. A portion of the Academy'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 Academy's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2004, 2003, and 2002 were $43,480, $27,246, and $12,294 respectively; 100 percent has been contributed for fiscal year 2004 and 100 percent for fiscal year 2003.

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 (614) 227-4090.

8. DEFINED BENEFIT PENSION PLANS (Continued)

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 contributions 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 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The 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. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

For the fiscal year ended June 30, 2004, plan members were required to contribute 10 percent of their annual covered salaries. The Academy was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The Academy's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2004, 2003, and 2002 were $124,610, $124,259, and $73,980, respectively; 80 percent has been contributed for fiscal year 2004 and 100 percent for fiscal year 2003.

9. 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.

All STRS Ohio benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2004, the STRS Ohio Board allocated employer contributions equal to 1.0 percent of covered payroll to the Health Care Reserve Fund. For the Academy, this amount equaled $8,900 for fiscal year 2004.

9. POSTEMPLOYMENT BENEFITS (Continued)

STRS Ohio pays health care benefits from the Health Care Reserve Fund. At June 30, 2003, (the latest information available) the balance in the Fund was $2.8 billion. For the year ended June 30, 2002, net health care costs paid by STRS Ohio were $352.3 million and STRS Ohio had 108,294 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to 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 levies 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 2002, the minimum pay was established at $14,500. For the Academy, the amount contributed to fund health care benefits, including the surcharge, during the 2004 fiscal year equaled $2,460.

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 the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2003 (the latest information available), were $204.9 million and the target level was $307.4 million. At June 30, 2003, SERS had net assets available for payment of health care benefits of $303.6 million. SERS has approximately 50,000 participants currently receiving health care benefits.

10. OTHER 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 Education. All employees who work more than 25 hours a week are given one personal day and five sick days each year. Administrative personnel receive vacation leave. No carry over of the personal day, sick days, and vacation leave is permitted. Therefore, there is no liability for benefits accrued at June 30, 2004.

B. Insurance Benefits

The Academy has purchased insurance from Olverson Insurance Agency to provide employee medical/surgical and dental benefits. The Academy pays 100% of the monthly premium.

11. OPERATING LEASE

The Academy leases their school building from Aledol, Inc., which is a company owned and operated by Alfred E. Olverson, Sr., a member of the Board of Directors. A lease was signed for five years beginning June 1, 2000. The lease payments were $16,050 per month for the period July 1, 2003 to June 30, 2004. The Academy recognized an expense of $176,550 for current year rent. The landlord grants three options of five years each to extend this lease beyond the initial lease period at a lease rate to be negotiated with the landlord and consummated at least sixty days prior to the end of any lease period. The annual lease amount is adjusted by the average increase in the U. S. Consumer Price Index for the twelve months from June 1 to May 31 for each year of the lease.

12. CAPITALIZED LEASE – LESSEE DISCLOSURE

During fiscal year 2003, the Academy entered into a capital lease for the acquisition of a printer/copier/fax machine. The terms of the Agreement provide options to purchase the equipment.

This lease meets 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 capital assets acquired have been capitalized in the amount of $12,548 which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded. Principal payments in fiscal year 2004 totaled $2,320.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2004.

Fiscal Year Ending June 30,	Obligations
2005	2,911
2006	2,911
2007	3,639
	9,461
Less: Amount Representing Imputed Interest	(884)
Present Value of Minimum Lease Payments	$ 8,577

13. NON-CURRENT LIABILITIES

Obligations		Principal Outstanding 6/30/03	Principal Payments	Principal Outstanding 6/30/04	Amounts Due in One Year	Amounts Due in More ThanOne Year
Park National Bank Loan - Notes Payable						
June 23, 2005	5.75%	$ 295,703	$ 143,484	$ 152,219	$ 152,219	$ -
Park National Bank Loan - Notes Payable						
June 23, 2005	5.75%	122,791	59,633	63,158	63,158	-
Capitalized Lease		10,897	2,320	8,577	2,464	6,113
Total		$ 429,391	$ 205,437	$ 223,954	$ 217,841	$ 6,113

On June 23, 2004, the Academy renewed both of their notes with Park National Bank. The new notes contained maturity dates of June 24, 2005 and carried interest rates of 5.75%.

The loans are collateralized by personal and commercial properties owned by Alfred E. Olverson, Sr. and Pauline Olverson; and a security interest in the Academy's equipment, inventory, accounts, chattel paper and general intangibles.

During fiscal year 2001, the Academy also entered into a line of credit with Park National Bank. The line of credit has a limit of $100,000 at an interest rate of the prime rate plus 0.50 percent. As of June 30, 2004, no funds were borrowed against the limit. Principal and interest for amounts outstanding are immediately due and payable on demand. Monthly payments shall be equal to accrued and unpaid financial charges and are to be paid each month until the principal is paid. The line of credit is collateralized by personal and commercial properties owned by Alfred E. Olverson, Sr. and Pauline Olverson; and a security interest in the Academy's equipment, inventory, accounts, chattel paper and general intangibles. The line of credit is not evidenced by notes.

14. 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 decision 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 Academy is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

15. 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, 2004.

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. For fiscal year 2004, the review was completed in January 2005. For the Academy, there was an insignificant variance between the amount received to date and the final payment made to the Academy. This variance will have no effect on the financial standing of the Academy.

C. 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 18, 2003. One August 24, 2004, the Court of Appeals rendered a decision that Community Schools are part of the state public education system and this matter was sent to the Ohio Supreme Court. The effect of this suit, if any on the Academy is not presently determinable.

16. RELATED PARTY TRANSACTIONS

The Academy paid $208,650 in lease payments during fiscal year 2004 to Aledol, Inc. owned by School Board Member Alfred E. Olverson, Sr.

The Academy paid $130,000 in custodial and maintenance services to Forty Acres during fiscal year 2004. Forty Acres is co-owned by School Board Member Alfred E. Olverson and Alfred Olverson Jr.

The Academy paid $5,444 for insurance premiums to A. E. Olverson Insurance Agency which is owned by School Board Member Alfred E. Olverson Sr.

The Academy obtained one-year loans in June 2004 in the amounts of $152,219 and $63,157 in which Aledol, LLC Pauline Olverson, School Superintendent/Director and Alfred Olverson, Sr. Board Member, were also named borrowers. The proceeds of these loans along with other funds were used to retire the $295,703 June 23, 2002 loan that matured June 23, 2003, the $122,795 June 23, 2002 loan that matured on June 23, 2003, respectively.

16. RELATED PARTY TRANSACTIONS (Continued)

The Academy paid Alfred Olverson Sr., a School Board Member, $2,000 during fiscal year 2004 for the purposes of preparing and managing a roofing grant received from the federal government, CFDA 84.352

The Academy paid $56,305 during fiscal year 2004 to Valerie Dukes for her Success for All Contract. Ms. Dukes who was paid an annual salary of $61,200, during fiscal year 2003, for her position as Pupil Personnel Director is contracted by the Academy to provide training to teachers at a rate of $65 per teacher.

17. PURCHASED SERVICES

For the year ended June 30, 2004, purchased service expenses were comprised of the following:

Staff Development	$ 64,775
Administrative	47,618
Janitorial Service	130,000
School Site Lease	208,650
Utilities	37,215
Repair & Maintenance	33,348
Food Service Contract	149,045
Communications	14,628
All Other	45,911
Total Purchased Services	$ 731,190

A. B. MIREE FUNDAMENTAL ACADEMY
HAMILTON COUNTY

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Ohio Department of Education:				
Nutrition Cluster:				
National School Lunch Program	LL-P4	10.555	$105,576	$133,851
Total U.S. Department of Agriculture - Nutrition Cluster			**105,576**	**133,851**
U.S. DEPARTMENT OF EDUCATION				
Passed Through Ohio Department of Education:				
Special Education Cluster:				
Special Education Grants to States IDEA Part B	6B-SF	84.027	49,708	46,080
Total Special Education Cluster			**49,708**	**46,080**
Grants to Local Educational Agencies Title I	C1-S1	84.010	289,491	202,356
Title IV-Safe & Drug Free Schools	DR-S1	84.186	4,746	0
Title V/VI-Innovative Educational Programs	C2-S1	84.298	5,365	4,948
Title II D - Technology Literacy Challenge	TJ-S1	84.318	7,734	2,123
FERP - School Renovation	N/A	84.352A	95,616	95,616
Title II-A - Improving Teacher Quality	TR-S1	84.367	43,378	65,496
Total Department of Education			**496,038**	**416,619**
Totals			**$ 601,614**	**$ 550,470**

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

A.B. MIREE FUNDAMENTAL ACADEMY
HAMILTON COUNTY

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B—CHILD NUTRITION CLUSTER

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

Auditor of State
Betty Montgomery

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

A. B. Miree Fundamental Academy
Hamilton County
1660 Sternblock Lane
Cincinnati, Ohio 45237

To the Board of Trustees:

We have audited the basic financial statements of the A. B. Miree Fundamental Academy, Hamilton County, Ohio (the Academy), as of and for the year ended June 30, 2004, and have issued our report thereon dated June 15, 2005, wherein we noted that the Academy adopted Governmental Accounting Standards Board Statement 34. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Government's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Academy's ability to record, process, summarize and report financial data consistent with management's assertions in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2004-001 and 2004-002.

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 timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable conditions described above are material weaknesses. In a separate letter to the Academy's management dated June 15, 2005 we reported other matters involving the internal control over financial reporting which we did not deem reportable conditions.

Corporate Centre of Blue Ash / 11117 Kenwood Rd. / Blue Ash, OH 45242
Telephone: (513) 361-8550 (800) 368-7419 Fax: (513) 361-8577
www.auditor.state.oh.us

Compliance and Other Matters

As part of reasonably assuring whether the Academy's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2004-001 and 2004-002. In a separate letter to the Academy's management dated June 15, 2005, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the audit committee, management, and the Board of Trustees. It is not intended for anyone other than these specified parties.

Betty Montgomery

Betty Montgomery
Auditor of State

June 15, 2005

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

A.B. Miree Fundamental Academy
Hamilton County
1660 Sternblock Lane
Cincinnati, Ohio 45237

To the Board of Directors:

Compliance

We have audited the compliance of A. B. Miree Fundamental Academy, Hamilton County, Ohio (the Academy), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to its major federal programs for the year ended June 30, 2004. The summary of auditor's results section of the accompanying schedule of findings identifies the Academy's major federal programs. The Government's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Government's compliance based on our audit.

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

In our opinion, the A. B. Miree Fundamental Academy complied, in all material respects, with the requirements referred to above that apply to its major federal programs for the year ended June 30, 2004. In a separate letter to the Academy's management dated June 15, 2005, we reported other matters related to federal noncompliance not requiring inclusion in this report.

Internal Control Over Compliance

The Academy's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Government's internal control over compliance with requirements that could directly and materially affect a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable 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 noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted matters involving the internal control over federal compliance not requiring inclusion in the report, that we reported to the Academy's management in a separate letter dated June 15, 2005.

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

Betty Montgomery

Betty Montgomery
Auditor of State

June 15, 2005

A. B. MIREE FUNDAMENTAL ACADEMY
HAMILTON COUNTY

SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2004

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	CFDA# 84.010 CFDA# 10.555
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: $300,000 Type B: > $100,000
(d)(1)(ix)	Low Risk Auditee?	No

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

FINDING NUMBER 2004-001

Material Noncompliance/Reportable Condition

The Academy's community school contract Article III, Section B – Financial Plan states that the "Treasurer will maintain a listing of all capital assets. A physical inventory of those assets will be performed on an annual basis. Capital assets are defined as any asset with as cost of $500 or more. The salvage value and disposition of the assets will be determined at the time of purchase."

The Academy has not developed a Board approved capital asset policy to establish proper accounting controls for capital assets. The Academy has not tagged capital assets nor maintained an accurate subsidy capital asset ledgers. Failure to maintain records or to employ adequate controls over the acquisition and disposal of capital assets could result in misappropriation of assets and misstatements of financial statements.

The Academy did provide a list of capital asset additions, however, there was no listing of all items included in beginning capital asset balance. Additionally, we found items included in the capital asset additions list that were not considered capital assets. These items did not meet the definition of a capital asset since they were not land or building improvements, easements, buildings, machinery and equipment, and other tangible and intangible assets that are used in operations that have a useful life extending beyond a single reporting period. The addition list also listed groupings of items that may or may not meet the capitalization threshold. For example, invoices with multiple printers and computers met the dollar threshold grouped together and were included as additions, but individually each printer and computer did not meet the threshold. Due to the lack of a capital asset policy and detailed invoices for the groupings we were unable to ascertain inclusion of these items as capital assets.

The Academy should establish a capital asset policy that is approved and adopted by the Board. The capital asset policy should include:

- Procedures for tagging all assets meeting the Academy's capitalization criteria when received;
- Recording the capital asset tag number; and
- Maintain a detailed capital asset subsidiary ledger with the information noted above as well as the depreciation calculation of each asset

FINDING NUMBER 2004-002

Material Noncompliance/Reportable Condition

Ohio Administrative Code, Section 117-2-02(B), requires the management of each local public office to maintain an accounting system that assures for all financial transaction types and account balances applicable to their local public office the assertions of existence/occurrence, completeness, rights and obligations, valuations/allocation, presentation and disclosure are achieved.

The Academy currently maintains their financial accounting records utilizing "QuickBooks" accounting software. The accounting records on this system are maintained on a full accrual basis. During the course of the audit we accounting records provided by the Academy lacked sufficient detail to provide evidence that the transaction type and account balances were complete. We employed additional alternative audit procedures to verify completeness.

The Academy should maintain the following records and be able to provide the following for audit purposes either electronically in an "Excel" spreadsheet or in computer printouts to support those assertions listed above:

1. An accounting journal which would consist of the book of original entry where transactions and other accounting events are initially recorded, this would include a chronological record of all the transactions entered in the accounting system.

2. A general ledger and applicable subsidiary ledgers which would contain all the balances and detailed activity related to each of the Academy's asset, liability, equity, revenue and expense accounts.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

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A. B. MIREE FUNDAMENTAL ACADEMY
HAMILTON COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2004

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***:
2003-001	Noncompliance/Reportable Condition/Encumbering. The Academy failed to execute and approve PO's for all non payroll related expenditures	No	Partially Corrected. Issued as a Management Letter Comment
2003-002	Reportable Condition – Payroll Cycle. The Academy did not document approved salaries, note new hires in the minutes or review reports from the third party payroll processor	No	Partially Corrected, issued as a Management Letter Comment
2003-003	Reportable Condition – Capital Assets the Academy did not maintain a detailed capital asset listing.	No	Not Corrected. Issued as Finding 2004-001

Auditor of State
Betty Montgomery

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

A.B. MIREE FUNDAMENTAL 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 7, 2005