A. B. MIREE FUNDAMENTAL ACADEMY

Basic Financial Statements

June 30, 2005

Auditor of State
Betty Montgomery

Board of Trustees
A. B. Miree Fundamental Academy
1660 Sternblock Lane
Cincinnati, Ohio 45237

We have reviewed the *Report of Independent Accountants* of the A. B. Miree Fundamental Academy, Hamilton County, prepared by Plattenburg & Associates, Inc., for the audit period July 1, 2004 through June 30, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The A. B. Miree Fundamental Academy is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

October 11, 2006

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P&A

PLATTENBURG & ASSOCIATES, INC./CERTIFIED PUBLIC ACCOUNTANTS

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April 14, 2006

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Trustees
A. B. Miree Fundamental Academy

We have audited the accompanying financial statements of the A. B. Miree Fundamental Academy (the Academy), as of and for the year ended June 30, 2005, which collectively comprise the Academy's basic financial statements. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Academy, as of June 30, 2005, and the respective changes in financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Notes, the Academy has implemented Government Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures* for the year ended June 30, 2005.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 14, 2006, on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Certified Public Accountants

A. B. MIREE FUNDAMENTAL ACADEMY
HAMILTON COUNTY

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(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, 2005. 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.

Financial Highlights

In total, Net Assets decreased $123,644. The principal component of this decline was the policy requiring amortization of remaining Leasehold Improvement Assets in the fifth and final year of the initial lease term.

- Total assets declined $546,463. As mentioned above, Leasehold Improvement amortization contributed to most of the decline, with the other due to a reduction in Grants Receivable from prior year.

- Total liabilities declined $422,818. Most of the decline resulted from the pay-off of two notes to Park National Bank. Also, there were no contracts payable at year end.

Using this Financial Report

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

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

Statement of Net Assets

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 2005?" 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 2005 and fiscal year 2004:

Table 1
Net Assets

	Governmental Activities	
	2004	2005
Assets		
Current Assets	$593,460	$458,255
Capital Assets	533,110	121,852
Total Assets	1,126,570	580,107
Liabilities		
Current Liabilities	494,796	289,818
Non-Current Liabilities	223,953	6,113
Total Liabilities	718,749	295,931
Net Assets		
Invested in Capital Assets Net of Debt	309,157	115,739
Unrestricted	98,663	168,437
Total Net Assets	$407,820	$284,176

Net assets decreased by $123,644. This decrease was due in part to the Academy's policy of amortizing Leasehold Improvements using the life of the lease. The effect of Total Asset decline ($546,463) was offset mostly by a decline in Notes Payable to Park National Bank ($215,376) and the payoff of Construction Contracts Payable ($207,660).

Table 2 shows the changes in net assets for fiscal year 2005 and fiscal year 2004, as well as a listing of revenues and expenses.

Table 2
Change in Net Assets

	Governmental Activities	
	2004	2005
Operating Revenues:		
Foundation Payments	$2,139,120	$1,859,523
Disadvantaged Pupil Impact Aid	310,909	416,668
Other	25,050	74,184
Non-Operating Revenues:		
Federal and State Grants	537,146	633,176
Other	147,310	124,266
Total Revenues	3,159,535	3,107,817
Operating Expenses:		
Salaries	1,088,547	1,286,377
Fringe Benefits	493,000	363,193
Purchased Services	731,190	833,041
Materials and Supplies	173,692	161,431
Depreciation	480,856	548,936
Other Expenses	41,216	33,811
Non-Operating Expenses:		
Interest	19,871	4,672
Total Expenses	3,028,372	3,231,461
Change in Net Assets	$131,163	($123,644)

Net asset change from FY 2004 to FY 2005 occurred due to a 6.7% expense increase accompanied by a 1.6% decline in revenues. Salaries increase of $197,830 is due chiefly to inflationary increases averaging 3% annually. Depreciation expense increased $68,080 from the Academy policy of amortization Leasehold Improvements over the term of the current lease.

Capital Assets

At the end of fiscal year 2005 the Academy had $121,852 invested in Capital Assets. See Table 3 for details:

Table 3
Capital Assets
(Net of Depreciation)

	Governmental Activities	
	2004	2005
Leasehold Improvements	$441,147	$0
Furniture, Fixtures and Equipment	83,386	115,739
Capital Lease	8,577	6,113
Total Net Capital Assets	$533,110	$121,852

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

Debt-Notes Payable

At June 30, 2005 the Academy had $0 in debt outstanding. Table 4 summarizes Note activity for FY 2005.

Table 4
Outstanding Bank Loans at Year End

	Governmental Activities	
	2004	2005
Commercial Loans:		
Park National Bank Loan Notes Payable	$152,218	$0
Park National Bank Loan Notes Payable	63,157	0
Total	$215,375	$0

Current Financial Issues

The A. B. Miree Fundamental Academy, Hamilton County, Ohio (the Academy), was formed in 2000. During the 2004-2005 school year there were approximately 377 students enrolled in the Academy. The Academy receives its finances mostly from state aid. Per pupil aid for fiscal year 2005 amounted to $6,592 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 Tom Schaefer, Treasurer at A. B. Miree Fundamental Academy, 1660 Stern block Lane, Cincinnati, Ohio, 45237.

A B MIREE FUNDAMENTAL ACADEMY
Statement of Net Assets
June 30, 2005

Assets	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	$440,818
Intergovernmental Receivables	17,437
Total Current Assets	458,255
Non-Current Assets:	
Capital Assets:	
Depreciable Capital Assets, Net	121,852
Total Non-Current Assets	121,852
Total Assets	$580,107
Liabilities	
Current Liabilities:	
Accounts Payable	$131,256
Accrued Wages and Benefits	135,743
Intergovernmental Payable	22,819
Total Current Liabilities	289,818
Non-Current Liabilities	
Due Within One Year	2,616
Due In More Than One Year	3,497
Total Non-Current Liabilities	6,113
Total Liabilities	295,931
Net Assets	
Invested in Capital Assets, Net of Related Debt	115,739
Unrestricted	168,437
Total Net Assets	$284,176

See accompanying notes to the basic financial statements

A B MIREE FUNDAMENTAL ACADEMY
Statement of Revenues, Expenses and
Changes in Net Assets
For the Fiscal Year Ended June 30, 2005

Operating Revenues	
Foundation Payments	1,859,523
Disadvantaged Pupil Impact Aid	416,668
Other Revenues	74,184
Total Operating Revenues	2,350,375
Operating Expenses	
Salaries	1,286,377
Fringe Benefits	363,193
Purchased Services	833,041
Materials and Supplies	161,431
Depreciation	548,936
Other	33,811
Total Operating Expenses	3,226,789
Operating Loss	(876,414)
Non-Operating Revenues and Expenses	
Other Federal and State Grants	633,176
Interest	(4,672)
Federal and State Meal Subsidies	124,266
Total Non-Operating Revenues and Expenses	752,770
Change in Net Assets	(123,644)
Net Assets Beginning of Year	407,820
Net Assets End of Year	$284,176

See accompanying notes to the basic financial statements

A B MIREE FUNDAMENTAL ACADEMY
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2005

Increase (Decrease) in Cash and Cash Equivalents:	
Cash Flows from Operating Activities:	
Cash Received from State of Ohio	$2,276,191
Cash Payments to Employees for Services	(1,678,634)
Cash Payments to Suppliers for Goods and Services	(996,538)
Other Operating Revenue	74,184
Net Cash (Used) Provided by Operating Activities	(324,797)
Cash Flows from Noncapital Financing Activities:	
State and Federal Grants Received	889,805
Net Cash Provided by Noncapital Financing Activities	889,805
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	(137,678)
Capital Lease Payments Including Interest	(2,464)
Payments to Vendors Extending Credit for Acquisition of Capital Assets	(207,660)
Repayment of Loan Including Interest	(220,049)
Net Cash Used Capital and Related Financing Activities	(567,851)
Net Increase (Decrease) in Cash and Cash Equivalents	(2,843)
Cash and Cash Equivalents at Beginning of Year	443,661
Cash and Cash Equivalents at End of Year	440,818
Reconciliation of Operating Income to Net Cash Provided	
Used for Operating Activities:	
Operating Income (Loss)	$ (876,414)
Adjustments To Reconcile Operating Income (Loss) to Net Cash Provided (Used) for Operating Activities:	
Depreciation	548,936
Changes in Assets and Liabilities:	
Increase (Decrease) in Accounts Payable	31,746
Increase (Decrease) in Accrued Wages	(26,774)
Increase (Decrease) in Intergovernmental Payable	(2,291)
Total Adjustments	551,617
Net Cash (Used) Provided by Operating Activities	$ (324,797)

See accompanying notes to the basic financial statements

NOTE 1 – DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

A. B. MIREE FUNDAMENTAL ACADEMY, Hamilton County, Ohio Academy (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 eight. 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 13 non-certified and 27 certificated full time teaching personnel who provide services to 377 students.

NOTE 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.

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. Equity in Pooled Cash and Cash Equivalents

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 and cash equivalents" on the accompanying statement of net assets.

The Academy had no investments during the fiscal year.

F. Capital Assets

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	Life of Lease
Furniture, Fixtures and Equipment	5 years

G. Net Assets

Net assets represent the difference between assets and liabilities. Assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets.

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 from the state and sales for food service. Operating expenses are necessary costs incurred to provide the goods or service that is 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.

NOTE 3 - DEPOSITS

At fiscal year end June 30, 2005, the carrying amount of the Academy's deposits totaled $440,818 and its bank balance was $502,608. Based on the criteria described in GASB statement No. 40, "Deposit and Investment Risk Disclosure," as of June 30, 2005, $402,608 of the bank balance was exposed to custodial risk as discussed below, while $100,000 was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that in the event of bank failure, the Academy will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Academy.

Investments: The Academy had no investments at June 30, 2005, or during the fiscal year.

NOTE 4 - RECEIVABLES

Receivables at June 30, 2005, consisted of 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:

National School Lunch Program	$17,437
Total All Intergovernmental Receivables	$17,437

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2005:

	Balance 6/30/04	Additions	Deletions	Balance 6/30/05
Capital Assets Being Depreciated				
Leasehold Improvements	$1,699,369	$62,719	$0	$1,762,088
Capital Lease	12,549	0	0	12,549
Furniture, Fixtures, and Equipment	172,163	74,959	0	247,122
Total Capital Assets Being Depreciated	1,884,081	137,678	0	2,021,759
Less Accumulated Depreciation:				
Leasehold Improvements	1,258,224	503,864	0	1,762,088
Capital Lease	3,972	2,464	0	6,436
Furniture, Fixtures, and Equipment	88,775	42,608	0	131,383
Total Accumulated Depreciation	1,350,971	548,936	0	1,899,907
Total Capital Assets Being Depreciated, Net	533,110	(411,258)	0	121,852
Capital Assets, Net	$533,110	($411,258)	$0	$121,852

NOTE 6 - 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. During fiscal year 2005, the Academy contracted with Zurich Insurance Company for general liability, property insurance, educational errors insurance, and omissions insurance.

Coverages are as follows:

Contents ($1,000 deductible)	$250,000
Educational Errors and Omissions (Aggregate & Ea Claim)	1,000,000
General Liability:	
Per occurrence	1,000,000
Total per year	2,000,000

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

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.

NOTE 7 - 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 10 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 2005, 10.57 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2004, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, 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, 2005, 2004 and 2003 were $69,825, $59,532 and $27,246 respectively; 100 percent has been contributed for fiscal year 2005 and 100 percent for fiscal year 2004.

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.

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.

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

For the fiscal year ended June 30, 2005, 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, 2005, 2004 and 2003 were $188,546, $161,457 and $124,259, respectively; 100 percent has been contributed for fiscal year 2005 and 100 percent for fiscal year 2004.

NOTE 8 - 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 Academy 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.

STRS retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. All 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 funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2005, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the Academy, this amount equaled $12,864 for fiscal year 2005.

STRS pays health care benefits from the Health Care Stabilization Fund. At June 30, 2004, the balance in the Fund was $3.011 billion. For the year ended June 30, 2004, net health care costs paid by STRS Ohio were $268,739,000 and STRS Ohio had 111,853 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. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service , medicare eligibility and retirement status. Premiums may be reduced for retirees whose household income falls below the poverty level.

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, 2005, employer contributions to fund health care benefits were 3.43 percent of covered payroll, a decrease of 1.48 percent from fiscal year 2004. 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 2005, the minimum pay was established at $27,400. However, the surcharge is capped at 2 percent of each employee's SERS salaries. For the 2005 fiscal year, the Academy paid $44,123 to fund health care benefits including the surcharge.

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, 2004, were $223,443,805 and the target level was $335.2 million. At June 30, 2004, SERS had net assets available for payment of health care benefits of $300.8 million. SERS has approximately 62,000 participants currently receiving health care benefits.

NOTE 9 - 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, 2005.

B. Insurance Benefits

The Academy provides life, dental and medical/surgical benefits to most employees through The Olverson Insurance Agency. The Academy pays 100% of the monthly premium.

NOTE 10 – 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 July 1, 2005. The lease payments were $16,050 per month for the period July 1, 2004 to June 30, 2005. New lease payments are 32,816 per month. The Academy recognized an expense of $182,490 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.

NOTE 11 – 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 2005 totaled $2,464.

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, 2005.

Fiscal Year Ending June 30,	Obligations
2006	2,911
2007	3,639
Less: Amount Representing Imputed Interest	(437)
Present Value of Minimum Lease Payments	$ 6,113

NOTE 12 – NON-CURRENT LIABILITIES

Obligations		Principal Outstanding 6/30/04	Principal Payments	Principal Outstanding 6/30/05	Amounts Due in One Year	Amounts Due in More ThanOne Year
Park National Bank Loan						
June 23, 2001	5.75%	$152,219	$152,219	$0	$0	$0
Park National Bank Loan						
Nov 16, 2001	5.75%	63,158	63,158	0	0	0
Capitalized Lease		8,577	2,464	6,113	2,616	3,497
Total		$ 223,954	$ 217,841	$ 6,113	$ 2,616	$ 3,497

On June 23rd, 2005, the $152,219 outstanding, was liquidated as well as, the $63,158 outstanding. Both loans contained maturity dates of 6/24/2005 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.

NOTE 13 – 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.

NOTE 14 - 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, 2005.

B. 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 law. 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 on November 18, 2003. On August 24, 2004 the Court of Appeals rendered a decision that Community schools are part of the state public educational system and this matter was sent to the Ohio Supreme Court. The Ohio Supreme Court accepted the appeal from the Court of Appeals for review on February 16, 2005. Oral argument occurred November 29, 2005. The effect of this suit, if any, on the Academy is not presently determinable.

NOTE 15 – RELATED PARTY TRANSACTIONS

The Academy paid $182,490 in lease payments during fiscal year 2005 to ALEDOL, Inc. which is owned by School Board Member Alfred E. Olverson, Sr.

The Academy paid $148,041 in custodial and maintenance services to Forty Acres during fiscal year 2005. Forty Acres is co-owned by School Board Member Alfred E. Olverson and Alfred Olverson Jr.

NOTE 16 – CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 2005, the City has implemented GASB Statement No. 40, "Deposit and Investment Risk Disclosures". GASB 40 establishes and modifies disclosure requirements related to investment risk: credit risk (including custodial credit risk and concentrations of credit risk) and interest rate risk. This statement also establishes and modifies disclosure requirements for custodial credit risk on deposits. This statement applies to all state and local governments.

NOTE 17 – PURCHASED SERVICES

For the year ended June 30, 2005, purchased service expenses were comprised of the following:

Staff Development	$120,484
Janitorial Service	148,041
School Site Lease	182,490
Utilities	37,753
Repair & Maintenance	31,084
Communications	10,054
Food Service Contract	144,685
Administrative	87,161
All Other	71,289
Total Purchased Services	$833,041

A. B. MIREE FUNDAMENTAL ACADEMY

Single Audit Reports

June 30, 2005

A. B. MIREE FUNDAMENTAL ACADEMY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2005

Federal Grant/ 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	$163,200	$154,514
Total U.S. Department of Agriculture - Nutrition Cluster			163,200	154,514
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	106,691	91,886
Total Special Education Cluster			106,691	91,886
Grants to Local Educational Agencies:				
Title I	C1-S1	84.010	345,700	327,982
Title IV-Safe & Drug Free Schools	20-C1	84.048	3,342	5,143
Title V/VI-Innovative Educational Programs	C2-S1	84.298	2,375	2,842
Title IID-Technology Literacy Challenge	DR-S1	84.186	7,781	14,290
FERP-School Renovation	TL-S1	84.318	210,424	224,363
Title IIA-Improving Teacher Quality	TR-S1	84.367	26,506	29,099
Total Department of Education			702,819	695,605
Total Federal Assistance			$866,019	$850,119

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the Academy's federal award programs. The schedule has been prepared on the cash basis of accounting.

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April 14, 2006

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees
A. B. Miree Fundamental Academy

We have audited the accompanying financial statements of the A. B. Miree Fundamental Academy (the Academy), as of and for the year ended June 30, 2005, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated April 14, 2006 in which we noted the District adopted Government Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Academy's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion 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 initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 2005-001 and 2005-002.

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 misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. 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 believe that none of the reportable conditions described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Academy's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters that we reported to management of the District in a separate letter dated April 14, 2006.

This report is intended solely for the information and use of management, the Auditor of State, the Board of Trustees, and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Certified Public Accountants

P&A

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April 14, 2006

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

To the Board of Trustees
A. B. Miree Fundamental Academy

<u>Compliance</u>

We have audited the compliance of A. B. Miree Fundamental Academy (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 are applicable to each of its major federal programs for the year ended June 30, 2005. The Academy's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Academy's management. Our responsibility is to express an opinion on the Academy's compliance based on our audit.

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

As described in items 2005-003, 2005-004, 2005-005, and 2005-006 in the accompanying schedule of findings and questioned costs, the Academy did not comply with requirements regarding equipment, eligibility, procurement and suspension and debarment that is applicable to its Title I and National School Lunch programs. Compliance with such requirements is necessary, in our opinion, for the Academy to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the Academy complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control over Compliance

The management of the Academy is responsible for establishing and maintaining effective control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Academy's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order 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.

We noted certain matters involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the Academy 's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2005-003.

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 the 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 detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance 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 believe that none of the reportable conditions described above are material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the Academy as of and for the year ended June 30, 2005, and have issued our report thereon dated April 14, 2006 in which we noted the Academy adopted Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures*. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Academy's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the Auditor of State, the Board of Trustees, and federal awarding agencies and pass through entities, and is not intended to be and should not be used by anyone other than those specified parties.

Plattenburg & Associates Inc.

Plattenburg & Associates, Inc.
Certified Public Accountants

A. B. MIREE FUNDAMENTAL ACADEMY
June 30, 2005

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505

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)?*	No
(d)(1)(iv)	*Were there any material internal control weakness conditions reported for major federal programs?*	No
(d)(1)(iv)	*Were the any other reportable internal control weakness conditions reported for major federal programs?*	Yes
(d)(1)(v)	*Type of Major Programs' Compliance Opinion*	Qualified
(d)(1)(vi)	*Are there any reportable findings under Section .510?*	Yes
(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 2005-001

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 a 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 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. 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.

Recommendation

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.

Management Comment/Response

The Academy will work towards establishing a capital asset detail.

Finding Number 2005-002

The Academy did not document approved salaries for all employees.

Recommendation

The Academy should maintain a salary form (for each employee) that has been signed by the appropriate individual.

Management Comment/Response

The Academy will try and maintain a salary form for all employees.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number 2005-003

U.S. DEPARTMENT OF EDUCATION

Title I – CFDA No. 84.010

Criteria:	The A-102 Common Rule requires maintenance of equipment records, a physical inventory of equipment shall be taken at least once every two years and reconciled to the equipment records, an appropriate control system shall be used to safeguard equipment, and equipment shall be adequately maintained.
Conditions:	Equipment records and an appropriate control system were not used to safeguard equipment.
Effect:	A grantee assumes responsibility for complying with federal requirements when it accepts federal awards. When the Academy purchases equipment with federal funds, the Academy is responsible for compliance with the requirements outlined in A-102 Common Rule. Non-compliance with these requirements could result in misuse and/or misappropriation of equipment.
Cause:	The Academy is a relatively new organization and has not yet fully established all necessary policies and procedures.
Recommendation:	We recommend the Adademy maintain equipment records, a physical inventory of equipment be taken at least once every two years and reconciled to the equipment records, an appropriate control system be used to safeguard equipment, and equipment be adequately maintained.

Finding Number 2005-004

U.S. DEPARTMENT OF AGRICULTURE

National School Lunch – CFDA No. 10.555

Criteria:	The National School Lunch Program requires that the total number of free and reduced lunches be tracked on a daily basis.
Conditions:	The total number of free and reduced lunches were not tracked on a daily basis. Non-compliance with the requirement could result in over reimbursement for meals served.
Effect:	A grantee assumes responsibility for complying with federal requirements when it accepts federal awards.
Cause:	According to Academy personnel, the Academy was informed that daily tracking was no longer required. However, during a program audit the auditor documented the actual requirement for the Academy.
Recommendation:	Procedures should be established to track the total number of free and reduced lunches on a daily basis.

Finding Number 2005-005

U.S. DEPARTMENT OF AGRICULTURE

National School Lunch – CFDA No. 10.555

Criteria:	7 CFR 3015 states that the school is required to engage in competitive bidding for transactions which meet or exceed $100,000.
Conditions:	It was determined that the Academy paid Premier Food Service, for meal delivery, in excess of $100,000 during the fiscal year. However, the Academy did not solicit any competitive bids for school meals.
Effect:	Non-compliance with the competitive bid requirement could result in overpayment for school meals.
Cause:	The Academy is a relatively new organization and has not yet fully established all necessary policies and procedures.
Recommendation:	We recommend the Academy follow competitive bidding requirements when awarding contracts in excess of $100,000.

Finding Number 2005-006

U.S. DEPARTMENT OF AGRICULTURE

National School Lunch – CFDA No. 10.555

Criteria:	34 CFR 80.105, 110 and 510, prohibits non-Federal entities from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. Covered transactions include procurement contracts for goods or services equal to or in excess of $100,000 and all nonprocurement transactions (e.g. subawards to subrecipients). Contractors receiving awards for $100,000 or more and all subrecipients must certify that the organization and its principals are not suspended or debarred. The non-Federal entities may rely upon certification unless it knows that the certification is erroneous. Non-Federal entities may, but are not required to, check for suspended and debarred parties which are listed in the *List of Parties Excluded From Federal Procurement or Nonprocurement Programs*, issued by the General Services Administration (GSA).
Conditions:	We determined the Academy had an individual award with Premier Food Services in excess of $100,000 but did not obtain certification from the organization stating that its principals were not suspended or debarred or had procedures in place to address this area of compliance.
Effect:	Non-compliance with this requirement could result in the Academy contracting with suspended or debarred individuals.
Cause:	The Academy is a relatively new organization and has not yet fully established all necessary policies and procedures.
Recommendation:	We recommend that the Academy receive certification from each vendor prior to entering into a contract that meets or is in excess of $100,000 that their principals are not suspended or debarred.

A. B. MIREE FUNDAMENTAL ACADEMY
JUNE 30, 2005

SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133

Finding Number	**Finding Summary**	**Fully Corrected?**	**If not fully corrected, *Explain:***
2004-001	Reportable Condition – Capital Assets, the Academy did not maintain a detailed capital asset listing.	No	Not Corrected. Issued as Finding 2005-001.
2004-002	Noncompliance/Reportable Condition – Accounting records lacked sufficient detail.	Yes	Finding No Longer Valid. The Academy's Accounting Records Provided Sufficient Data.

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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
OCTOBER 19, 2006