Peterson Entrepreneurial Training Enterprise

Montgomery County

Regular Audit

July 1, 2006 through June 30, 2007

Fiscal Year Audited Under GAGAS: 2007

CAUDILL & ASSOCIATES, CPA's

725 5th Street

Portsmouth, Ohio 45662

Governing Board
Peterson Entrepreneurial Training Enterprise
One Elizabeth Place
Dayton, Ohio 45408

We have reviewed the *Independent Auditor's Report* of the Peterson Entrepreneurial Training Enterprise, Montgomery County, prepared by Caudill & Associates, CPA's, for the audit period July 1, 2006 through June 30, 2007. 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 Peterson Entrepreneurial Training Enterprise is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

February 15, 2008

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CAUDILL & ASSOCIATES, CPA's
725 5th Street
Portsmouth, Ohio 45662

Member American Institute of Certified Public Accountants
Member Ohio Society of Certified Public Accountants
Member Kentucky Society of Certified Public Accountants

Independent Auditor's Report

Peterson Entrepreneurial Training Enterprise
Montgomery County
One Elizabeth Place
Dayton, Ohio 45408

To the Governing Board:

We have audited the accompanying financial statements of the business-type activities of the Peterson Entrepreneurial Training Enterprise (the School), as of and for the year ended June 30, 2007, which collectively comprise the School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School'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 the 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 business type activities of the School, as of June 30, 2007, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2007, on our consideration of the School'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 on pages 2 through 5 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 methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Caudill & Associates, CPA's

Caudill & Associates, CPA's
December 31, 2007

The management discussion and analysis of the Peterson Entrepreneurial Training Enterprise Community School's financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2007. The intent of this discussion and analysis is to look at the School'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 School's financial performance.

Financial Highlights

- The School had net assets of $241 at June 30, 2007.
- Total assets at fiscal year-end were $222,103 and total liabilities were $221,862.
- The School had operating revenues for fiscal year 2007 of $1,227,096 and operating expenses of $1,436,040.

Using this Financial Report

This annual report consists of a series of financial statements and notes to those statements.

The statement of net assets and the statement of revenues, expenses, and change in net assets reflect how the School did financially during fiscal year 2007. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal years' revenues and expenses regardless of when cash is received or paid.

These statements report the School's net assets and change in those assets. This change in net assets is important because it tells the reader whether the financial position of the School has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating.

Table 1 provides a summary of the School's net assets for fiscal years 2006 and 2007.

(Table 1)
Net Assets

	2006	2007	Change
Assets			
Current Assets	$ 91,843	$ 74,698	$ (17,145)
Capital Assets, Net	75,485	147,405	71,920
Total Assets	167,328	222,103	54,775
Liabilities			
Current Liabilities	22,367	213,291	190,924
Non-Current Liabilities	-	8,571	8,571
Total Liabilities	22,367	221,862	199,495
Net Assets			
Invested in Capital Assets	75,485	138,834	63,349
Restricted	23,612	-	(23,612)
Unrestricted	45,864	(138,593)	(184,457)
Total Net Assets	$ 144,961	$ 241	$ (144,720)

Total assets increased $54,775, as capital assets increased by $71,920 due to the acquisition of technical and computer equipment and leasehold improvements during fiscal year 2007. An increase in revenue, due to an increase in enrollment, allowed the School to make these acquisitions. Total liabilities increased $199,495 due, primarily, to increased operating expenses, increased unpaid payroll taxes, increased accrued wages due to higher payroll expenses, and an increase in unpaid retirement benefits. Total net assets decreased $144,720.

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Table 2 shows the changes in net assets for fiscal years 2006 and 2007.

(Table 2)
Change in Net Assets

	2006	2007	Change
Operating Revenues			
State Foundation	$ 708,897	$ 1,140,414	$ 431,517
Poverty Based Assistance	12,212	86,682	74,470
Miscellaneous	-	-	-
Total Operating Revenues	721,109	1,227,096	505,987
Non-Operating Revenues:			
Federal and State Grants	103,808	63,615	(40,193)
Interest	366	449	83
Gifts and Donations	-	1,029	1,029
Total Non-Operating Revenues	104,174	65,093	(39,081)
Total Revenues	825,283	1,292,189	466,906
Operating Expenses			
Salaries	262,495	454,016	191,521
Fringe Benefits	44,611	105,555	60,944
Purchased Services	353,418	693,276	339,858
Rent	41,762	108,727	66,965
Materials and Supplies	83,271	57,369	(25,902)
Depreciation	-	17,097	17,097
Total Operating Expenses	785,557	1,436,040	650,483
Non-Operating Expenses:			
Interest	-	869	869
Total Non-Operating Expenses	-	869	869
Total Expenses	785,557	1,436,909	651,352
Change in Net Asssets	39,726	(144,720)	(184,446)
Net Assets at Beginning of Year	105,235	144,961	39,726
Net Assets at End of Year	$ 144,961	$ 241	$ (144,720)

There was an increase in revenues of $466,906 and an increase in expenses of $651,352 from fiscal year 2006. Of the increase in revenues, State foundation money increased by $505,987 due to increased enrollment in fiscal year 2007. Federal and state grant revenue decreased $40,193.

Salaries and benefits increased by $252,465 from fiscal year 2006 due mainly to the increased number of personnel. Purchased service expense increased $339,858 from prior year. These increases were both due to the school's willingness to increase educational services to meet the needs of a growing student population. Rent expense increased by $66,965, as compared to fiscal year 2006. These large increases was offset, somewhat, by the decrease in materials and supplies of $25,902.

Capital Assets

At the end of fiscal year 2007, the School had $147,405, invested in furniture, equipment, vehicles and leasehold improvements. Table 3 shows fiscal year 2007.

(Table 3)
Capital Assets at June 30,
(Net of Depreciation)

	2007
Furniture and Equipment	$ 116,602
Vehicles	2,803
Leasehold Improvements	28,000
Totals	$ 147,405

Debt Administration

The School does not have any outstanding debt at June 30, 2007.

Contacting the School's Financial Management

This financial report is designed to provide our citizens with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional information, contact Carl Shye, Treasurer at Peterson Entrepreneurial Training Enterprise Community School, One Elizabeth Place, Dayton, Ohio 45408.

PETERSON ENTREPRENEURIAL TRAINING ENTERPRISE
STATEMENT OF NET ASSETS
JUNE 30, 2007

Assets		
Current Assets:		
Cash and Cash Equivalents	$	54,481
Intergovernmental Receivable		20,217
Total Current Assets		74,698
Non-Current Assets:		
Capital Assets:		
Depreciable Capital Assets, Net		147,405
Total Assets		222,103
Liabilities		
Current Liabilities:		
Accounts Payable		127,857
Accrued Wages and Benefits Payable		31,736
Intergovernmental Payable		53,698
Total Current Liabilities		213,291
NonCurrent Liabilities:		
Lease Payable		8,571
Total NonCurrent Liabilities		8,571
Total Liabilities		221,862
Net Assets		
Invested in Capital Assets		138,834
Unrestricted		(138,593)
Total Net Assets	$	241

See accompanying notes to the basic financial statements

PETERSON ENTREPRENEURIAL TRAINING ENTERPRISE
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Operating Revenues:	
State Foundation	$ 1,140,414
Poverty Based Assistance	86,682
Total Operating Revenues	1,227,096
Operating Expenses:	
Salaries	454,016
Fringe Benefits	105,555
Purchased Services	693,276
Rent	108,727
Materials and Supplies	57,369
Depreciation	17,097
Total Operating Expenses	1,436,040
Operating Income	(208,944)
Non-Operating Revenues/(Expenses):	
Federal and State Grants	63,615
Gifts and Donations	1,029
Interest	449
Interest Expenses	(869)
Total Non-Operating Revenues	64,224
Change in Net Assets	(144,720)
Net Assets (Deficit) at Beginning of Year	144,961
Net Assets at End of Year	$ 241

See accompanying notes to the basic financial statements

PETERSON ENTREPRENEURIAL TRAINING ENTERPRISE
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Increase (Decrease) in Cash and Cash Equivalents:	
Cash Flows Provided By Operating Activities:	
Cash Received from State of Ohio	$ 1,192,438
Cash Payments to Employees for Services	(423,989)
Cash Payments to Suppliers for Goods and Services	(809,478)
Net Cash Used in Operating Activities	(41,029)
Cash Flows (Used in) Capital Financing Activities:	
Acquisition of Capital Assets	(56,188)
Principal payment on capital lease	(1,418)
Net Cash Used in Capital Financing Activities	(57,606)
Cash Flows from Noncapital Financing Activities:	
Federal and State Grants Received	80,808
Gifts and Donations	1,029
Cash Received from Noncapital Financing Activities	81,837
Cash Flows from Investing Activities:	
Interest Income/(Payments)	449
Interest Expenses	(585)
Cash Flows used in Investing Activities	(136)
Net Increase in Cash and Cash Equivalents	(16,934)
Cash and Cash Equivalents at Beginning of Year	71,415
Cash and Cash Equivalents at End of Year	$ 54,481
Reconciliation of Operating Income to Net Cash Provided By Operating Activities:	
Operating Income	$ (208,944)
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:	
Depreciation	17,097
Changes in Assets and Liabilities:	
Increase in Intergovernmental Receivable	(16,983)
Increase in Accounts Payable	95,867
Increase in Accrued Wages and Benefits Payable	20,043
Increase in Intergovernmental Payable	51,891
Total Adjustments	167,915
Net Cash Used in Operating Activities	$ (41,029)

See accompanying notes to the basic financial statements

NOTE 1 – DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

The Peterson Entrepreneurial Training Enterprise Community School (the "School") is an Ohio Public Benefit Corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702 to address the needs of students in grades 9 through 12. The School, which is part of the State's education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The School may sue and be sued, acquire facilities as needed and contract for any services necessary for the operation of the School.

The School is a non-profit organization that has been determined by the Internal Revenue Service to be exempt from federal income taxes as a tax exempt organization under Section 501(C)(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 School was approved for operation under contract with Educational Resource Consultants of Ohio (the Sponsor) commencing August 1, 2005 and ending June 30, 2009. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration. The School contracted with Educational Management Alliance to perform extended educational services. One member of Educational Management Alliance also serves as the School's Superintendent. Related party transactions are further discussed in Note 12 to the basic financial statements.

The School operates under the direction of a four-member Governing Board. The School and the ARISE Sport Management Academy Community School share the same governing board. The Board is responsible for carrying out the provisions of the contract which include, but are not limited to state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers.

The primary government of the School consists of one fund, several departments and the Board. School programs include general operations and student related activities of the School. The School is associated with the Metropolitan Dayton Educational Cooperative Association, which is defined as a jointly governed organization. It is a computer consortium of area schools sharing computer resources. (See Note 13)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis Of Presentation

The School's basic financial statements consist of a statement of net assets, a statement of revenues, expenses and changes in net assets, and a statement of cash flows.

The School uses a single enterprise fund to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Enterprise fund reporting focuses on the determination of the change in net assets, financial positions and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

B. Measurement Focus

The accounting and financial reporting treatment of an entity's financial transactions is determined by the entity's measurement focus. The enterprise activity is accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the School are included on the statement of net assets. The statement of revenues, expenses, and changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net assets. The statement of cash flows provides information about how the School finances and meets the cash flow needs.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The School's financial statements are prepared using the accrual basis of accounting.

D. Revenues – Exchange and Non-exchange Transactions

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 School 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 School must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School on a reimbursement basis.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Expenses

Expenses are recognized at the time they are incurred.

F. Cash and Cash Equivalents

All monies received by the School are maintained in demand deposit accounts. All funds of the School are maintained in these accounts. Total cash is presented as "Cash and Cash Equivalents" on the accompanying statement of net assets.

G. Capital Assets

Capital assets are capitalized at cost or estimated historical cost (which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The School maintains a capitalization threshold of one thousand dollars. The School does not possess any infrastructure. Per the policy at the School, no depreciation is taken in the fiscal year of acquisition. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

Furniture and Equipment	5-30 years
Vehicles	5-10 years
Leasehold Improvements	15 years

H. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to service already rendered and it is probable that the School will compensate the employees for the benefits through paid time off or some other means. The School records a liability for accumulated unused vacation time when earned for all eligible employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year-end, taking into consideration any limits specified in the School's termination policy. The School records a liability for accumulated unused sick leave for all employees with ten years of current service for all positions (including certified and non-certified staff). Since the School has not been in operation for ten years, there is no sick leave benefits liability.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Net Assets

Net assets represent the difference between assets and liabilities. Net assets, invested in capital assets, consist of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted net assets include federal and State grants restricted to expenditures for specific purposes. The School applies restricted resources when an expense is incurred for purposes which both restricted and unrestricted net assets are available.

The government-wide statement of net assets reports no restricted net assets.

J. Operating Revenues and Expenses

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

K. Intergovernmental Revenues

The School currently participates in the State Foundation Program and the State Special Education Program. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met. Eligibility requirements include timing requirements which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements in which the School must provide local resources to be used for a specified purpose and expenditure requirements in which the resources are provided to the School on a reimbursement basis.

The amount of these grants is directly related to the number of students enrolled in the School. The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the School. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which State foundation funding is calculated. The review identified an underpayment of $20,217 to the School for fiscal year 2007.

The remaining grants and entitlements received by the School are recognized as non-operating revenues in the accounting period in which eligibility requirements have been met.

L. 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 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. 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 School and its sponsor. The contract agreement between the School and its Sponsor requires the School to adopt and monitor a budget for each year.

NOTE 3 – DEPOSITS

Custodial credit risk for deposits is the risk that in the event of bank failure, the School will not be able to recover deposits or collateral securities that are in the possession of an outside party. The carrying value of the School's deposits totaled $54,465 and the bank balance totaled $63,522, all of which was covered by federal depository insurance; therefore there is no custodial credit risk.

The School has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

NOTE 4 – RECEIVABLES

Receivables at June 30, 2007, consisted of intergovernmental (Federal and State 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:

Intergovernmental Receivable	
State Foundation Receivable	20,217
Total Intergovernmental Receivable	$ 20,217

NOTE 5 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2007:

	Balance 07/01/06	Additions	Deletions	Balance 06/30/07
Capital Assets Being Depreciated:				
Leasehold Improvement	$ -	$ 30,000	$ -	$ 30,000
Furniture and Equipment	71,981	59,017	-	130,998
Vehicles	3,504	-	-	3,504
Total Capital Assets Being Depreciated	75,485	89,017	-	164,502
Less Accumulated Depreciation:				
Leasehold Improvement	-	(2,000)	-	(2,000)
Furniture and Equipment	-	(14,396)	-	(14,396)
Vehicles	-	(701)	-	(701)
Total Accumulated Depreciation	-	(17,097)	-	(17,097)
Total Capital Assets Being Depreciated, Net	$ 75,485	$ 71,920	$ -	$ 147,405

NOTE 6 - RISK MANAGEMENT

A. Property and Liability

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Buildings and contents are covered under Westfield Insurance Company with a $1,000 deductible. Electronic data processing equipment is covered under Westfield Insurance Company with a $1,000 deductible. The School carries liability insurance with Westfield Insurance Company of $1,000,000 single occurrence and $2,000,000 aggregate.

There have been no significant reductions in insurance coverage from the last fiscal year. Settled claims have not exceeded insurance coverage for the past two fiscal years.

B. Workers' Compensation

The School pays the State Workers' Compensation System a premium for employee injury coverage. The premium is calculated by multiplying annual gross payroll by a factor calculated by the State.

NOTE 7 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School 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, by calling (800) 878-5853 or by visiting the SERS website at www.ohsers.org.

Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute at an actuarially determined rate. The current School rate is 14 percent of annual covered payroll. A portion of the School's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2007, 10.58 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2007 and 2006 were $12,560 and $6,146 respectively; 100 percent has been contributed for fiscal year 2007 and 100 percent for fiscal year 2006.

B. State Teachers Retirement System of Ohio

The School participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, by calling (614) 227-4090, or by visiting the STRS Ohio website at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on 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.

NOTE 7 - DEFINED BENEFIT PENSION PLANS (continued)

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, 2007, plan members were required to contribute 10 percent of their annual covered salaries. The School was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2006, the portion used to fund pension obligations was also 13 percent. 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 School's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2007 and 2006 were $56,029 and $26,643 respectively; 87 percent has been contributed for fiscal year 2007 and 100 percent for fiscal year 2006. Contributions to the DC and Combined Plans for fiscal year 2007 were $2,647 by the School and $2,521 made by the plan members.

NOTE 8 – POSTEMPLOYEMENT BENEFITS

The School 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 partial 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 funded on a pay-as-you-go basis.

All STRS Ohio retirees who participated in the DB or Combined Plans and their 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. All benefit recipients pay a portion of the health care cost in the form of a monthly premium.

NOTE 8 – POSTEMPLOYEMENT BENEFITS (Continued)

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, 2007, the STRS Ohio Board allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. For the School, this amount equaled $4,310 for fiscal year 2007.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006 (latest information available), the balance in the Fund was $3.5 billion. For the fiscal year ended June 30, 2006 (latest information available), net health care costs paid by STRS Ohio were $300,690,000 and STRS Ohio had 119,184 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their health care premium. 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, 2006 (latest information available), employer contributions to fund health care benefits were 3.42 percent of covered payroll, compared to 3.43 percent of covered payroll for fiscal year 2005. 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 2006 (latest information available), the minimum pay was established at $35,800. However, the surcharge is capped at two percent of each employer's SERS salaries. For the School, the amount contributed to fund healthcare benefits, including the surcharge, during the 2007 fiscal year equaled $6,115. 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 healthcare expenses. Expenses for health care for the fiscal year ended June 30, 2007 were $178,067,133. At June 30, 2006 (latest information available), SERS had net assets available for payment of health care benefits of $296.6 million. SERS has 58,788 participants eligible to receive health care benefits.

NOTE 9 – EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining sick leave components are derived from State Laws. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 120 days. Upon retirement, payment is made for one-fourth of the total accumulated and unused sick leave credit, up to a maximum of 120 days for employees.

NOTE 9 – EMPLOYEE BENEFITS (Continued)

B. Medical, Dental, and Vision Benefits

The School offers medical insurance through Anthem Blue Cross Blue Shield to full-time employees. The contribution to the monthly premium for medical insurance shall be 20% paid by the staff member and 80% paid by the Board. Monthly premiums for the medical insurance are the following:

Type of Coverage	Premium	
Single	$	292
Enrollee plus spouse	$	642
Enrollee plus children	$	493
Family	$	902

NOTE 10 – OPERATING LEASE

The School subleases two office facilities from RNS Equities, LLC for school space located at One Elizabeth Place, Dayton Ohio.

The term of the first lease began September 1, 2006 and continues through August 31, 2020. The lease payment is $9,200 per month and an additional $506 per month starting March 6, 2007 for a 60 month period to cover tenant improvement costs. Base rent shall increase at the rate of $.50 per rentable square foot each year.

The term of the second lease began October 15, 2007 and continued through August 31, 2021. The lease payment is $7,938 per month. Base rent shall increase at the rate of $.50 per rentable square foot each year.

Monthly rental payment is equally shared between the School and Peterson Entrepreneurial Training Enterprise. For fiscal year 2008 through 2021, minimum rental payments for the School are as follows:

Fiscal Year	Amount	
2008	$	111,845
2009		115,909
2010		119,973
2011		123,025
2012		125,065
2013-2017		720,017
2018-2021		649,285
	$	1,965,119

NOTE 11 – CONTINGENCIES

A. Grants

The School received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the School. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School at June 30, 2007.

B. State Funding

The Ohio Department of Education conducts reviews of enrollment data and full time equivalency (FTE) calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data of the State, upon which State foundation funding is calculated. This adjustment resulted in a receivable of $20,217 for fiscal year 2007.

C. Litigation

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

NOTE 12 – RELATED PARTY TRANSACTIONS

The School contracted with Education Management Alliance (EMA) to perform extended educational services. One member of EMA also served as the School’s Superintendent. Total payments made for these services during the fiscal year ended June 30, 2007 were $158,603.

The Governing Board of the School is the same Governing Board as ARISE Sports Management Academy, with which it shares operating facilities and the related lease. (See Note 10).

Eaton Computer Company provides technical services and supplies to the School. The owner of the company became a member of the Governing Board beginning July 1, 2005. Total payments made for these services during the fiscal year ended June 30, 2007 were $51,889.

The School leases its building from RNS Equities, LLC. One of the partners of the company became a member of the Governing Board beginning July 1, 2006. (See Note 10).

Eric Bradley is an athletic consultant and a member of the Governing Board. Total payments made for these services during the fiscal year ended June 30, 2007 were $10,974.

NOTE 13 - JOINTLY GOVERNED ORGANIZATION

Metropolitan Dayton Educational Cooperative Association - The School is a participant in the Metropolitan Dayton Educational Cooperative Association (MDECA) which is a computer consortium. MDECA is an association of public school districts within the boundaries of Montgomery, Miami and Darke Counties and the Cities of Dayton, Troy and Greenville. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

The governing board of MDECA consists of seven Superintendents of member school districts, with six of the Superintendents elected by majority vote of all member school districts except Montgomery County Educational Service Center. The seventh Superintendent is from the Montgomery County Educational Service Center. The School paid MDECA $3,835 for services provided during the fiscal year. Financial information can be obtained from Jerry Woodyard, who serves as Director, at 225 Linwood Street, Dayton, Ohio 45405.

NOTE 14 - COMPLIANCE

The School did not file their 2007 annual report as required by ORC Section 117.38.

NOTE 15 – LONG-TERM LIABILITIES – CAPITAL LEASE

The School entered into a noncancelable lease agreement with Com Doc Inc. for office equipments. The lease is classified as a capital lease that expires in 2010. The equipments are equally shared with the Peterson Entrepreneurial Training Enterprise, as well as the lease payments.

The equipments under capital lease total $23,258 at June 30, 2007.

Future minimum lease payments under capital leases for the School are as follows:

Year Ending June 30	
2008	3,510
2009	3,510
2010	3,510
2011	169
Total minimum lease payments	10,699
Less executory costs and related profit	-
Net minimum lease payments	10,699
Less amount representing interest	2,128
Present value of minimum lease payments	8,571

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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*

Governing Board
Peterson Entrepreneurial Training Enterprise
Montgomery County
One Elizabeth Place
Dayton, Ohio 45408

We have audited the financial statements of the business-type activities of the Peterson Entrepreneurial Training Enterprise (the School) , as of and for the year ended June 30, 2007, which collectively comprise the School's basic financial statements and have issued our report thereon dated December 31, 2007. 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 School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness on the School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

Our consideration of internal control over financing reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the School's financial statements that is more than inconsequential will not be prevented or detected by the School's internal control. The results of our tests disclosed twelve instances of significant internal control deficiencies that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and responses as items No. 2007-002, 2007-003, 2007-004, 2007-005, 2007-006, 2007-007, 2007-008, 2007-009, 2007-010, 2007-011, 2007-012, and 2007-013.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the School's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclosed all significant deficiencies that are also considered to be material weaknesses. We consider the following deficiencies described in the accompanying schedule of findings and responses to be material weaknesses in internal control over financial reporting as items No. 2007-003, 2007-007, 2007-008, 2007-009, 2007-010, 2007-011, 2007-012, and 2007-013.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards,* which is described in the accompanying schedule of findings and responses as item No. 2007-001.

We noted certain matters which we have reported to management of the School in a separate letter dated December 31, 2007.

The School's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the School's responses and, accordingly, we express no opinion on it.

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

Caudill & Associates, CPA's

Caudill & Associates, CPA's
December 31, 2007

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

Finding No.2007-001
Noncompliance Citation – Failure to file annual report in accordance with ORC Section 117.38

Financial information is vital to an organization's management in its continual effort to effectively make decisions to guide the organization. It is also important for management to receive timely feedback on the reliability of financial information summarized in the financial statements, notes to the financial statements, and the schedules used to make these management decisions.

The Ohio Revised Code Section 117.38 mandates that GAAP-basis entities must file their reports with the Auditor of State within 150 days of the entity's end of the year. In addition, the public office must publish a notice in a local newspaper stating the financial report is available for public inspection at the office of the chief fiscal officer.

The School's Fiscal Year 2007 report was not filed with the Auditor of State on time, and no notice of availability of the financial report was published.

Client Response:

The School will make efforts to ensure compliance will be met.

Finding No.2007-002
Significant Internal Control Deficiency – Failure to obtain and maintain employee contracts

Contracts for thirteen School employees were not provided for audit. Contracts for two additional employees were not properly signed by both the employee and School administration.

The hiring of all School employees should be approved by the governing board and recorded in the board minutes. Salary rate and period of employment should also be included. Additionally, employment contracts should be prepared and signed by the employee and the appropriate School officials.

Without properly executed agreements, incorrect payment could result.

The School should develop and implement procedures to ensure all employees are approved by the Board, prior to beginning work, and formal contracts, including salary rates and other expectations, are prepared and signed by both employee and School officials.

Client Response:

The School will ensure employee contracts are obtained and maintained as appropriate in the future.

Finding No.2007-003
Material Weakness – Failure to maintain adequate supporting documentation for expenditures

Adequate supporting documentation is a key control in the disbursement process to determine if expenditures are for their intended use. 25% of the disbursements tested, or $83,097, did not adequate supporting documentation (invoice, receipts of payments or contractual agreements).

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

Finding No.2007-003(Continued)
Material Weakness – Failure to maintain adequate supporting documentation for expenditures (Continued)

In addition, 29% of the expenditures tested, or $198,146, did not have a purchase orders approved by the Chief Executive Officer, as stipulated by the School's unofficial purchasing procedures.

The lack of adequate supporting documentation could result in funds being spent on unauthorized purchases, incorrect amounts being paid, duplication of payments and payments made to fictitious vendors.

The School should require original invoices or contractual agreements be submitted and attached to the voucher before payment is made. In addition, the School should ensure purchase orders are properly issued and approved prior to contracting or acquiring goods and services as required by the School's purchasing policy.

Client Response:
The School will make efforts to ensure adequate supporting documentation exists for all disbursements and proper approval is obtained prior to purchase.

Finding No.2007-004
Significant Internal Control Deficiency – Failure to maintain a capital asset listing

Adequate capital assets inventory and listing is a key control in the School's ability to determine if capital assets are purchased and maintained for their intended use. A complete capital asset listing should be maintained at all time, updated by additions to and disposals of capital assets.

Without proper capital assets listing, the School's capital assets will be difficult to monitor, and this could result in the misappropriation of the School's fixed assets.

The School should take steps to insure a complete listing of capital assets is in place and is monitored by appropriate personnel.

Client Response:
The School will ensure capital assets inventory is performed and that a listing of capital assets is maintained.

Finding No.2007-005
Significant Internal Control Deficiency – Failure to develop and maintain organizational budget

Development of an operational budget, including the periodic analysis of variances, is an important tool in helping to promote organizational efficiency and effectiveness. Variance analysis helps to identify performance issues in a timely manner and also helps ensure financial statements are fairly stated.

The School's sponsor requires the school to approve a budget each year. However, the budget has not been monitored on a regular basis.

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

Finding No.2007-005 (Continued)
Significant Internal Control Deficiency – Failure to develop and maintain organizational budget (Continued)

The School should develop and adopt an operational budget. Significant variances should be analyzed on a regular basis to help ensure School performance is aligned with stated goals and objectives.

Client Response:

The School will work towards developing an organization budget to help improve accountability.

Finding No.2007-006
Significant Internal Control Deficiency –Board approval of programs not required

During our review, we noted payments for a summer program that was not Board approved.

Without Board approval, incorrect payments and commitments could result.

The School should developed and implemented procedures to help ensure all contracts and programs are approved by the Board.

Client Response:

The School will ensure program contracts are approved by the Board in the future.

Finding No.2007-007
Material Weakness – Failure to reconcile cash accounts

Reconciliations of cash accounts should be completed monthly to help safeguard School assets. Reconciliations ensure the accuracy and validity of entries, ensure unauthorized changes do not occur, and allow discrepancies to be resolved timely.

Failure to reconcile cash timely could result in loss of School assets and issuance of incorrect financial statements.

The School should ensure monthly cash reconciliations are completed by an independent person and initialed and dated upon completion.

Client Response:

The School will reconcile cash monthly.

Finding No.2007-008
Material Weakness – Failure to properly record capital assets

Capital assets, capital leases, and leasehold improvements were not properly recorded in the School's financial system and, therefore, were not accounted for correctly on the School's financial statements. Additionally, depreciation expenses were not recorded per School policy.

Without the proper classification of assets and recording of depreciation expense, the School's financial statements will be misstated.

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

Finding No.2007-008(Continued)

The School should review all equipment purchases, equipment lease agreements, and substantial improvements to the physical building to determine the proper classification. Properly accounting for, and reporting on, capital assets provides accountability as well as information for making key decisions related to asset maintenance and replacement.

Depreciation expense should be recorded on the financial statements, based on the useful life of the asset.

Client Response:

The School will review disbursements greater than $1,000 to properly record assets.

Finding No.2007-009
Material Weakness – Failure to properly record revenues

Grant revenue was not recorded appropriately in two instances. State funding for one payment was incorrectly recorded as Federal funding, causing both revenue and retirement benefit liability to be understated. Also, a federal grant receipt was incorrectly recorded in a prior year, resulting in an understatement of revenue.

Failure to accurately record revenue will result in financial statements being misstated. It will also hinder the monitoring of accounts receivable.

The School should implement control procedures related to financial reporting that enable management to identify, prevent, detect, and correct potential misstatement in the financial statements and footnotes.

Client Response:

The School will record revenue appropriately.

Finding No.2007-010
Material Weakness – Failure to maintain adequate segregation of duties

Writing of checks, vendor and payroll, completion of cash reconciliations, and issuance of financial statements are being done by one individual, the Treasurer.

Adequate internal controls and control procedures over cash should be maintained to safeguard cash asset against waste, loss and misuse. Without proper controls, dishonesty or mistakes could go unnoticed. The School is accountable to the State of Ohio and their taxpayers to assure assets are protected.

The School should establish, implement, and monitor a system of internal controls to provide reasonable assurance cash is protected. The system should ensure duties are segregated with individual accountability established and maintained.

Client Response:

The School will implement compensation controls to increase internal control.

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

Finding No.2007-011
Material Weakness – Failure to record accrued wages

Accrued wages should be maintained on the School's financial system to help ensure liabilities are accurately reflected Failure to record this liability will result in financial statements being misstated and incorrect information presented to the Governing Board.

The School should review the accrued wages liability account routinely, making necessary adjustments, to ensure financial statements are fairly stated.

Client Response:

The School will review and record accrued wages.

Finding No.2007-012
Material Weakness – Failure to make required withholding tax payments

Payment of employee payroll taxes withheld, and the School's matching share of Medicare, is not being made as required. The payroll withholding taxes not being paid timely include: federal tax, Medicare tax, City of Dayton, and State of Ohio. Failure to make payments timely, as prescribed by law, exposes the School to unnecessary penalties and interest charges.

The School should adopt necessary policies to ensure withholding taxes, and the School Medicare match, are paid as required by law. Additionally, payroll liability accounts should be reviewed and reconciled monthly to ensure compliance and lessen the risk of occurring penalties and interest charges.

Client Response:

The School will make the payroll withholding payments as required.

Finding No.2007-013
Material Weakness –Payment of the School's employee health insurance premiums were incorrectly made by ARISE Sports, resulting in an adjustment to accounts payable.

Employee health insurance premiums for the School were incorrectly paid by ARISE Sports school for fiscal year 2007.

The School shares most of its resources, goods and services with Arise Sports. Without proper review of charges related to employee benefits and goods and services received, the School may not be recognizing and paying its fair share and financial statements may be misstated. Goods and services shared between the two schools must be prorated or shared evenly. Each school should only be billed, and payment made, for its share of services or goods received. In fiscal year 2007, payment for employee health insurance, for both schools, was made by Arise Sports. $22,912 of the premiums paid was the School's responsibility and is therefore due to Arise Sports.

The School should develop procedures to ensure goods and services are properly billed to each School and prorated based on each Schools' usage.

Client Response:

The School will review shared expenses and prorated them on an appropriate basis.

PETERSON ENTREPRENEURIAL TRAINING ENTERPRISE
MONTGOMERY COUNTY
JUNE 30, 2007

SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2006-001	Failure to file annual report	No	Reissued as finding # 2007-001
2006-002	Failure to obtain and maintain employee contracts	No	Reissued as finding # 2007-002
2006-003	Failure to maintain adequate supporting documentation for expenditures	No	Reissued as finding # 2007-003
2006-004	Failure to maintain a capital asset listing	No	Reissued as finding # 2007-004
2006-005	Failure to develop and maintain organizational budget	No	Reissued as finding # 2007-005
2006-006	Board approval of programs not required	No	Reissued as finding # 2007-006
2006-007	Failure to reconcile cash accounts	No	Reissued as finding # 2007-007

PETERSON ENTREPRENEURIAL TRAINING ENTERPRISE

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 6, 2008