A. B. MIREE FUNDAMENTAL ACADEMY

Basic Financial Statements

June 30, 2007

Mary Taylor, CPA
Auditor of State

Board of Trustees
A.B. Miree Fundamental Academy
6760 Belkenton Avenue
Cincinnati, Ohio 45236

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, 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 A.B. Miree Fundamental Academy is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

March 11, 2009

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REPORT OF INDEPENDENT ACCOUNTANTS

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

We were engaged to audit the accompanying financial statements of the A. B. Miree Fundamental Academy (the Academy), as of and for the year ended June 30, 2007, which collectively comprise the Academy's basic financial statements. These financial statements are the responsibility of the Academy's management.

The Academy's management did not provide written representations and did not maintain a complete set of minutes which constitutes a limitation on the scope of the audit since such representations and minutes provide audit evidence supporting disclosures including but not limited to uncertainties; subsequent events; related party transactions; going concern; compliance with laws, regulations, contracts, and grant agreements – noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

Since the Academy did not provide written representations or a complete set of minutes, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on these financial statements.

As discussed in Note 17, in fiscal year 2009 the A.B. Miree Fundamental Academy renamed itself as the Cincinnati Academy of Excellence and moved its location to 6760 Belkenton Avenue in Silverton, Ohio. The move resulted in a loss of students and revenues. The financial statements do not include any adjustments relating to the loss of students or revenue.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2009, 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.
February 12, 2009

A. B. MIREE FUNDAMENTAL ACADEMY
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(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, 2007. 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 $312,785.

- Total assets declined $75,502.

- Total liabilities increased $171,650. Accounts payable increased $11,529 and $100,000 was borrowed on the line of credit while accrued wages and benefits increased $73,468.

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 2007?" 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 2007 and fiscal year 2006:

Table 1
Net Assets

	2007	Restated 2006
Assets		
Current Assets	$76,616	$100,734
Capital Assets	38,768	90,152
Total Assets	115,384	190,886
Liabilities		
Current Liabilities	416,179	241,753
Non-Current Liabilities	721	3,497
Total Liabilities	416,900	245,250
Net Assets		
Invested in Capital Assets Net of Debt	38,768	86,655
Unrestricted	(340,284)	(75,386)
Total Net Assets	($301,516)	$11,269

Net assets decreased by $312,785. This decrease was due to the Academy's expenses exceeding revenues. The majority of operating expenses is for salaries and purchased services. Current Assets decreased mostly due to Equity in Pooled Cash and Cash Equivalents decreasing $73,501.

Table 2 shows the changes in net assets for fiscal year 2007 and fiscal year 2006, as well as a listing of revenues and expenses.

Table 2
Change in Net Assets

	2007	Restated 2006
Operating Revenues:		
Foundation Payments	$2,032,703	$2,226,983
Other	12,935	15,930
Non-Operating Revenues:		
Federal and State Grants	441,935	608,896
Other	0	14,400
Total Revenues	2,487,573	2,866,209
Operating Expenses:		
Salaries	1,435,006	1,396,636
Fringe Benefits	199,513	402,214
Purchased Services	1,054,152	1,033,329
Materials and Supplies	44,937	223,788
Depreciation	51,384	52,753
Other Expenses	15,232	30,100
Non-Operating Expenses:		
Interest	134	296
Total Expenses	2,800,358	3,139,116
Change in Net Assets	(312,785)	(272,907)
Beginning Net Assets	11,269	284,176
Ending Net Assets	($301,516)	$11,269

Net assets decreased by $312,785. This was a result of the Academy's expenses exceeding revenues. Revenues decreased $378,636 mostly due to federal and state grants decreasing. Total expenses decreased $338,758 as management tailored spending to available revenues. Depreciation remained relatively flat as the Academy's policy of amortizing Leasehold Improvements over the term of the current lease.

Capital Assets

At the end of fiscal year 2007 the Academy had $38,768 invested in Capital Assets. See Table 3 for details:

Table 3
Capital Assets
(Net of Depreciation)

	2007	2006
Furniture, Fixtures and Equipment	$35,155	$86,539
Capital Lease	3,613	3,613
Total Net Capital Assets	$38,768	$90,152

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

Debt

At year end the Academy had a $100,000 line of credit and a capital lease in the amount of $721. Table 5 summarizes both the line of credit and capital lease.

Table 5
Line of Credit and Capital Lease, at Year End

	2007	2006
Line of Credit	$100,000	$0
Capital Lease	721	3,497

For more information on debt, see Notes 9-11 to the basic financial statements.

Current Financial Issues

The A. B. Miree Fundamental Academy, Hamilton County, Ohio (the Academy), was formed in 2000. During the 2006-2007 school year there were approximately 380 students enrolled in the Academy. The Academy receives its finances mostly from state aid.

Net assets at June 30, 2007 had a deficit balance of $301,516. The Academy must plan carefully and prudently to provide the resources to meet student needs over the next several years.

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 Franklin Carter, Treasurer at A. B. Miree Fundamental Academy, 6760 Belkenton Avenue, Cincinnati, Ohio, 45236.

A. B. MIREE FUNDAMENTAL ACADEMY
Statement of Net Assets
June 30, 2007

Assets	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	$10,983
Prepaid Items	65,633
Total Current Assets	76,616
Non-Current Assets:	
Capital Assets:	
Depreciable Capital Assets, Net	38,768
Total Non-Current Assets	38,768
Total Assets	$115,384
Liabilities	
Current Liabilities:	
Accounts Payable	$43,232
Accrued Wages and Benefits	264,972
Intergovernmental Payable	7,975
Line of Credit	100,000
Total Current Liabilities	416,179
Non-Current Liabilities:	
Due Within One Year	721
Total Non-Current Liabilities	721
Total Liabilities	416,900
Net Assets	
Invested in Capital Assets, Net of Related Debt	38,768
Unrestricted	(340,284)
Total Net Assets	($301,516)

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, 2007

Operating Revenues	
Foundation Payments	$2,032,703
Other Revenues	12,935
Total Operating Revenues	2,045,638
Operating Expenses	
Salaries	1,435,006
Fringe Benefits	199,513
Purchased Services	1,054,152
Materials and Supplies	44,937
Depreciation	51,384
Other	15,232
Total Operating Expenses	2,800,224
Operating Loss	(754,586)
Non-Operating Revenues and Expenses	
Federal and State Meal Subsidies	121,248
Interest	(134)
Other Federal and State Grants	320,687
Total Non-Operating Revenues and Expenses	441,801
Change in Net Assets	(312,785)
Net Assets Beginning of Year, Restated	11,269
Net Assets End of Year	($301,516)

See accompanying notes to the basic financial statements

A. B. MIREE FUNDAMENTAL ACADEMY
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2007

Increase (Decrease) in Cash and Cash Equivalents:	
Cash Flows from Operating Activities:	
Cash Received from State of Ohio	$2,032,703
Cash Payments to Employees for Services	(1,571,622)
Cash Payments to Suppliers for Goods and Services	(1,102,792)
Other Operating Revenues	12,935
Net Cash (Used) Provided by Operating Activities	(628,776)
Cash Flows from Noncapital Financing Activities:	
State and Federal Grants Received	458,185
Net Cash Provided by Noncapital Financing Activities	458,185
Cash Flows from Capital and Related Financing Activities:	
Proceeds from Line of Credit	804,000
Payments on Line of Credit	(704,000)
Capital Lease Payments Including Interest	(2,910)
Net Cash Used Capital and Related Financing Activities	97,090
Net Increase (Decrease) in Cash and Cash Equivalents	(73,501)
Cash and Cash Equivalents at Beginning of Year	84,484
Cash and Cash Equivalents at End of Year	$10,983
Reconciliation of Operating Income to Net Cash Provided	
Used for Operating Activities:	
Operating Income (Loss)	($754,586)
Adjustments To Reconcile Operating Income (Loss) to Net Cash Provided (Used) for Operating Activities:	
Depreciation	51,384
Changes in Assets and Liabilities:	
Increase (Decrease) in Accounts Payable	11,529
Increase (Decrease) in Accrued Wages	73,468
Increase (Decrease) in Intergovernmental Payable	(10,571)
Total Adjustments	125,810
Net Cash (Used) Provided by Operating Activities	($628,776)

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 380 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 Academy has elected not to apply FASB statements and interpretations issued after November 30, 1989. 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. The Academy had $0 restricted by enabling legislation.

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, 2007, the carrying amount of the Academy's deposits totaled $10,983 and its bank balance was $30,402. Based on the criteria described in GASB statement No. 40, "Deposit and Investment Risk Disclosure," as of June 30, 2007, 100% of the bank balance 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, 2007, or during the fiscal year.

NOTE 4 - CAPITAL ASSETS

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

	Balance 6/30/06	Additions	Deletions	Balance 6/30/07
Capital Assets Being Depreciated				
Leasehold Improvements	$1,762,088	$0	$0	$1,762,088
Capital Lease	12,549	0	0	12,549
Furniture, Fixtures, and Equipment	268,175	0	0	268,175
Total Capital Assets Being Depreciated	2,042,812	0	0	2,042,812
Less Accumulated Depreciation:				
Leasehold Improvements	1,762,088	0	0	1,762,088
Capital Lease	8,936	3,613	0	12,549
Furniture, Fixtures, and Equipment	181,636	47,771	0	229,407
Total Accumulated Depreciation	1,952,660	51,384	0	2,004,044
Capital Assets, Net	$90,152	($51,384)	$0	$38,768

NOTE 5 - 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 2007, 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 & Each 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 6 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The Academy contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. 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. 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, 2007, 2006 and 2005 were $46,068, $40,956, and $40,800 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 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% 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 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. 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 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, 2007, 2006 and 2005 were $150,300, $136,500, and $111,900, respectively; 100 percent has been contributed for fiscal year 2007 and 100 percent for fiscal year 2006.

NOTE 7 - POSTEMPLOYMENT BENEFITS

The Academy provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio), and to retired non-certified employees and their dependents through the 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, 2007, 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 $10,736 for fiscal year 2007.

STRS pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006, (the latest information available) the balance in the Fund was $3.5 billion. For the fiscal year ended June 30, 2006, net health care costs paid by STRS were $282,743,000 and STRS had 119,184 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, 2007, employer contributions to fund health care benefits were 3.42 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2007, the minimum pay was established at $35,800. However, the surcharge is capped at 2 percent of each employee's SERS salaries. For the 2007 fiscal year, the Academy paid $11,254 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 annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2006 (the latest information available), were $158,757,207. SERS has approximately 59,492 participants currently receiving health care benefits.

NOTE 8 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from policies and procedures approved by the Board of 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, 2007.

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 9 – OPERATING LEASE

The Academy leases their school building from ALEDOL, Inc., which is a company owned and operated by Alfred E. Olverson, Sr. A lease was signed for five years beginning July 1, 2005. The lease payments are $34,234 per month for the period July 1, 2006 to June 30, 2007. The Academy recognized an expense of $410,808 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 10 – 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 2007 totaled $2,777.

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, 2007.

Fiscal Year Ending June 30,	Capital Lease
2008	$728
Less: Amount Representing Imputed Interest	(7)
Present Value of Minimum Lease Payments	$721

NOTE 11 – LINE OF CREDT AND CAPITAL LEASE

The change in the Academy's line of credit and capital lease during the year consist of the following:

	Beginning Balance	Issued	Retired	Ending Balance	Due In One Year
Line of Credit	$0	$804,000	($704,000)	$100,000	$100,000
Capital Lease	3,498	0	(2,777)	721	721
	$3,498	$804,000	($706,777)	$100,721	$100,721

NOTE 12 - 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, 2007.

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.

The Academy is involved in litigation with its landlord, ALEDOL, Inc., which is owed by its former School Board President Alfred E. Olverson, Sr. and Superintendent Pauline Olverson. ALEDOL, Inc. is seeking unpaid rents in fiscal year 2008 amounting to $350,897.60. This amount does not include other obligations relating to interest, late fees, taxes, insurance and any other damage done to the property.

NOTE 13 – RELATED PARTY TRANSACTIONS

The Academy paid $410,808 in lease payments during fiscal year 2007 to ALEDOL, Inc. which is owned by former School Board Member Alfred E. Olverson, Sr. (the husband of Superintendent Pauline Olverson).

The Academy paid $151,176 in custodial and maintenance services to Forty Acres during fiscal year 2007. Forty Acres is co-owned by former School Board Member Alfred E. Olverson (the husband of Superintendent Pauline Olverson) and Alfred Olverson Jr.

The Academy paid $176,687 during fiscal year 2007 to United Health for life, dental and medical benefits. The Academy uses Olverson Insurance Agency owned by former School Board Member Alfred Olverson (the husband of Superintendent Pauline Olverson).

The Academy received two interest free loans from former School Board Member Alfred Olverson (the husband of Superintendent Pauline Olverson) during 2007 totaling $8,000. The Academy repaid the loans in full on September 13, 2007.

NOTE 14 – CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2007, the Academy has implemented GASB Statement No. 42, “Accounting and Financial Reporting for Impairment of Capital Assets for Insurance Recoveries”; GASB Statement No. 46, “Net Assets Restricted by Enabling Legislation” and GASB Statement No. 47, “Accounting for Termination Benefits”.

Statement No. 42 establishes accounting and financial standards for impairment of capital assets and clarifies and establishes accounting requirements for insurance recoveries.

Statement No. 46 establishes that any amount of the primary government’s net assets at the end of the reporting period restricted by enabling legislation should be disclosed in the notes to the financial statements.

Statement No. 47 provides guidance to governmental employers for measuring, recognizing, and reporting liabilities and expenses/expenditures related to all termination benefits without limitation as to the period of time during which the benefits are offered.

There was no effect on net assets as a result of the implementation of these new standards.

NOTE 15 – PURCHASED SERVICES

For the year ended June 30, 2007, purchased service expenses were comprised of the following:

Staff Development	$131,239
Janitorial Service	151,176
School Site Lease	443,028
Utilities	68,778
Repair and Maintenance	19,334
Communications	1,199
Food Service Contract	139,534
Administrative	36,844
All Other Services	63,020
Total Purchased Services	$1,054,152

NOTE 16 – PRIOR PERIOD ADJUSTMENT

Due to the Academy's correction of prepaid rent the following adjustments were made to beginning net assets:

Net Assets, June 30, 2006	($54,364)
Correction to Prepaid Rent	65,633
Restated Net Assets, July 1, 2006	$11,269

NOTE 17 – SUBSEQUENT EVENT AND EMPHASIS OF A MATTER

In fiscal year 2009, the A.B. Miree Fundamental Academy renamed itself as the Cincinnati Academy of Excellence and moved its location to 6760 Belkenton Avenue in Silverton, Ohio. The move resulted in a loss of students and revenues. The Academy is making efforts to gain new students.

A. B. MIREE FUNDAMENTAL ACADEMY

Yellow Book Report

June 30, 2007

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 were engaged to audit the accompanying financial statements of the A. B. Miree Fundamental Academy (the Academy), as of and for the year ended June 30, 2007, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated February 12, 2009. In our report, we issued a disclaimer of opinion because the Academy did not provide written representations and did not maintain a complete set of minutes which constitutes a limitation on the scope of the audit.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Academy's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of attempting to express our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control over financial reporting.

Our consideration of internal control over financial 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 Academy'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 Academy's financial statements that is more than inconsequential will not be prevented or detected by the Academy's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting. These items are identified in the accompanying schedule of findings and responses as items 2007-001, 2007-002, 2007-003, 2007-009, and 2007-010.

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 Academy's internal control.

Our consideration of 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 internal control that might be significant deficiencies or material weaknesses. However, of the significant deficiencies described above, we believe finding numbers 2007-001, 2007-002, 2007-003, 2007-009, and 2007-010 are also material weaknesses.

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 ten instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedules of findings and responses as items 2007-004, 2007-005, 2007-006, 2007-007, 2007-008, 2007-009, 2007-011, 2007-012, and 2007-013.

We noted certain matters that we reported to management of the Academy in a separate letter dated February 12, 2009.

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

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

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
February 12, 2009

A. B. MIREE FUNDAMENTAL ACADEMY
Schedule of Findings and Responses
Year Ended June 30, 2007

Finding Number 2007-001 – Adjustments to the Financial Statements:

During the course of the audit, we identified material misstatements in the financial statements that were not identified by the Academy's internal control. A description of the adjustments follows:

- Adjusted Accrued Wages, Benefits and Salaries to record correct amount.
- Adjusted Depreciation Expense to record for correct amount.
- Adjusted Accounts Payable and Loan Payable to record correct amounts.
- Adjusted Foundation Payment Revenues and Fringe Benefits to record correct amounts.

The accompanying financial statements were adjusted to reflect correction of material, and certain immaterial, misstatements. Correction of other immaterial misstatements were waived. The Academy should implement application and monitoring controls over financial reporting to ensure that all financial statement transactions are accurately and completely reported.

Recommendation:

The Academy should closely prepare and monitor financial statements.

Management Response:

The Academy concurs with the finding.

Finding Number 2007-002 – Federal Assistance Schedule

The Academy did not prepare a federal assistance schedule.

Recommendation:

The Academy should prepare and monitor federal receipts and expenditures throughout the year and at the end of the year.

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Management Response:

The Academy concurs with the finding.

Finding Number 2007-003

The Academy's community school contract Capital Asset Policy 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 subsidiary 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 Response:

The Academy concurs with the finding.

Finding Number 2007-004 – Five Year Forecast

ORC Section 3314(A)(11)(d) states that community schools must adopt a five year forecast and submit the document to the Ohio Department of Education. The Academy did not submit a five year forecast to the Ohio Department of Education.

Recommendation:

The Academy should establish internal control procedures to timely prepare the five year forecast and submit to the Ohio Department of Education.

Management Response:

The Academy concurs with the finding.

Finding Number 2007-005 – Inventory of Equipment

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. Equipment records and an appropriate control system were not used to safeguard equipment. 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.

Recommendation:

We recommend the Academy 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.

Management Response:

The Academy concurs with the finding.

Finding Number 2007-006 – Tracking Free and Reduced Lunches

The National School Lunch Program requires that the total number of free and reduced lunches be tracked on a daily basis. 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.

Recommendation:

Procedures should be established to track the total number of free and reduced lunches on a daily basis.

Management Response:

The Academy concurs with the finding.

Finding Number 2007-007 – Competitive Bidding

7 CFR 3015 states that the school is required to engage in competitive bidding for transactions which meet or exceed $100,000. 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. Non-compliance with the competitive bid requirement could result in overpayment for school meals.

Recommendation:

We recommend the Academy follow competitive bidding requirements when awarding contracts in excess of $100,000.

Management Response:

The Academy concurs with the finding.

Finding Number 2007-008 – Certification from Vendors

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). 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. Non-compliance with this requirement could result in the Academy contracting with suspended or debarred individuals.

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.

Management Response:

The Academy concurs with the finding.

Finding Number 2007-009 – Maintaining Records

Ohio Code Sections 117-2-02(D) and (E) states public offices should maintain accounting records in a manual or computerized format. The Academy could not locate three vouchers or five percent of non-payroll disbursement transactions tested. The Academy also did not have a complete set of minutes for all board meetings. Several meetings board minutes were missing and some appeared to be incomplete.

Recommendation:

We recommend the Academy properly maintain and monitor all accounting records in a manual or computerized format.

Management Response:

The Academy concurs with the finding.

Finding Number 2007-010 – Approving Payments

As part of the Academy's internal control invoices are to be approved by an administrator. Our testing revealed eight percent of non-payroll transactions tested were not approved by an administrator.

Recommendation:

We recommend invoices be approved by an administrator.

Management Response:

The Academy concurs with the finding.

Finding Number 2007-011 – Certifying Expenditures Prior to Incurring Obligation

Ohio Revised Code Section 5705.41D states that no contracts or orders involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. During the year twenty one percent of expenditures tested were not properly certified prior to incurring the obligation. Failure to properly certify funds could result in overspending funds.

Recommendation:

We recommend that the Academy comply with the Ohio Revised Code by reviewing invoices and ensuring that all expenditures have a certified purchase order prior to making a purchase.

Management Response:

The Academy concurs with the finding.

Finding Number 2007-012 – Filing of the Annual Report

ORC Section 117.38 requires GAAP basis entities to file annual reports with the Auditor of State's office within 150 days of year end. The Academy did not file their annual report within the allowed time.

Recommendation:

We recommend that the Academy submit reports on a timely basis by monitoring dates and deadlines.

Management Response:

The Academy concurs with the finding.

Finding Number 2007-013 – Monitoring by the Sponsor

ORC Section 3314.03(D) requires monitoring of the Academy by the sponsor. It is unclear how many site visits occurred during the fiscal year, though there was evidence of correspondence from the sponsor related to various issues for the Academy to address. The Academy did not address the issues communicated by the Sponsor.

Also, ORC Section 3314.03(D) requires the sponsor to take certain actions when the school experiences financial problems, there was no evidence that such actions were taken, even though the Academy clearly experienced financial difficulties during the fiscal year.

Recommendation:

We recommend that the Academy communicate with the sponsor on a regular basis regarding these issues and document such communications and actions taken as a result.

Management Response:

The Academy concurs with the finding.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
February 12, 2009

A. B. MIREE FUNDAMENTAL ACADEMY
JUNE 30, 2007

SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number	**Finding Summary**	**Fully Corrected?**	**If not fully corrected, *Explain:***
2006-001	The Academy did not maintain a detailed capital asset listing.	No	Not Corrected. Issued as Finding 2007-003.
2005-002	The Academy did not submit a five year forecast to the ODE.	No	Not corrected. Issued as Finding 2007-004.
2005-003	Title I – The Academy did not maintain equipment records.	No	Not Corrected. Issued as Finding 2007-005.
2005-004	National School Lunch – The Academy did not track free and reduced lunches on a daily basis.	No	Not Corrected. Issued as Finding 2007-006.
2005-005	National School Lunch – The Academy did not engage in competitive bidding on transactions greater than $100,000.	No	Not Corrected. Issued as Finding 2007-007.
2005-006	The Academy did not receive certification on contracts greater than $100,000 that the vendors were not suspended or debarred.	No	Not Corrected. Issued as Finding 2007-008.

Mary Taylor, CPA
Auditor of State

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
MARCH 24, 2009