

**Maud Booth Academy
Hamilton County
Regular Audit
For the Year Ended June 30, 2005**



Mary Taylor, CPA
Auditor of State

Board of Trustees
Maud Booth Academy
300 Lytle Street
Cincinnati, Ohio 45202

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

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

November 21, 2007

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**Maud Booth Academy
Hamilton County**

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Perry & Associates
Certified Public Accountants, A.C.

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056

Independent Accountant's Report

September 18, 2007

Maud Booth Academy
Hamilton County
300 Lytle Street
Cincinnati, Ohio 45202

To the Board of Trustees:

We have audited the accompanying basic financial statements of the **Maud Booth Academy, Hamilton County, Ohio**, (the Academy) as of and for the year ended June 30, 2005, as listed in the table of contents. These financial statements are the responsibility of the Academy's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

As disclosed in Note 16, in June 2006, the Board of Directors made the determination to cease operations of the Academy.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2007, on our consideration of the Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Board of Trustees
Maud Booth Academy
Independent Accountant's Report
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Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. 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 nor did we express an opinion on it.

Respectfully Submitted,

Perry and Associates
Certified Public Accountants, A.C

The discussion and analysis of Maud Booth Academy's, Hamilton County, Ohio (the Academy) financial performance provides an overall review of the financial activities for the fiscal year ended June 30, 2005. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Academy's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented, and is presented in the MD&A.

Financial Highlights

Key financial highlights for fiscal year 2005 are as follows:

- Total net assets of the Academy decreased \$148,990 in fiscal year 2005. Ending net assets (deficit) of the Academy were \$(76,560) at June 30, 2005 compared with \$72,430 at June 30, 2004.
- Total assets reported at the end of fiscal year 2005 decreased \$128,426 from those reported at the same time the prior year. The decrease in intergovernmental receivables, prepaid items and capital assets account for the majority of the decrease.
- The Academy's operating loss for fiscal year 2005 was \$349,011 compared with the \$467,328 operating loss reported for fiscal year 2004. Operating revenue increased \$342,501 over 2004; however, \$196,572 of that amount is in-kind contributions of lease and contracted professional services expenses. Operating expenses increased \$224,184 over those reported for 2004 due to higher payroll and payroll related benefits expenses.

Using this Financial Report

This financial report contains the basic financial statements of the Academy, as well as the MD&A and notes to the basic financial statements. The basic financial statements include a statement of net assets, statement of revenues, expenses and changes in net assets, and a statement of cash flows. The Academy reports its operations using enterprise fund accounting, all financial transactions and accounts are reported as one activity; therefore, the entity wide and the fund presentations information is the same.

Statement of Net Assets

The statement of net assets answers the question, "How did we do financially during the fiscal year?" This statement includes all assets and liabilities, both financial and capital, and short-term and long-term, using the accrual basis of accounting and the 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.

This statement reports the Academy's net assets, however, in evaluating the overall position and financial viability of the Academy, non-financial information such as the condition of the Academy building and potential changes in the laws governing charter schools in the State of Ohio will also need to be evaluated.

Table 1 provides a summary of the Academy's net assets for fiscal year 2005 compared with fiscal year 2004.

Table 1
Net Assets

	<u>2005</u>	<u>2004</u>
Assets:		
Current and other assets	\$ 8,759	\$ 98,000
Capital assets, net	<u>23,131</u>	<u>62,316</u>
Total Assets	<u>31,890</u>	<u>160,316</u>
Liabilities:		
Current liabilities	<u>108,450</u>	<u>87,886</u>
Net Assets:		
Invested in capital assets, net of related debt	23,131	62,316
Unrestricted assets (deficit)	<u>(99,691)</u>	<u>10,114</u>
Total Net Assets (Deficit)	<u>\$ (76,560)</u>	<u>\$ 72,430</u>

The Academy's total assets decreased by \$128,426 during fiscal year 2005. This decrease was the result of decreases in all asset categories. The cash balance on hand decreased as a result of operations. The decrease in intergovernmental receivables was due to the Academy recording a portion of a Federal Charter School start-up grant and employer retirement contribution overpayment in the prior year as receivables, which the Academy was not entitled to receive for fiscal year 2005. Prepaid items decreased as the coverage period for insurance premiums changed from the prior year. Finally, the capital assets, net of accumulated depreciation reported at June 30, 2005 were \$39,185 less than the amount reported a year before. This decrease was due to current year depreciation expense (\$50,171) exceeding current year additions to capital assets (\$10,986).

The current liabilities reported by the Academy at June 30, 2005 were \$108,450 that is a \$20,564 increase from the current liabilities reported for fiscal year 2004. Increases in accounts payable, accrued wages and intergovernmental payable were the result of timing differences between the two years as well as the Academy extending the time period it took to pay vendors as available cash continued to decrease throughout the year. The accrued severance payment payable recorded at June 30, 2005 was related to the payment made to the Academy's Superintendent in July 2005 as part of the Superintendent's resignation in June 2005. The increase in liabilities accounts noted above were somewhat offset by Volunteers of America/Ohio River Valley (VOA/ORV) forgiving a loan the Academy owed to the organization for payment on contractual services provided in prior years.

Total net assets of the Academy decreased during fiscal year 2005 by \$148,990 from the \$72,430 reported at June 30, 2004. The deficit reported at June 30, 2005 was due to the loss of operation reported for the year.

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2005, as well as revenue and expense comparisons to fiscal year 2004.

Table 2
Change in Net Assets

	<u>2005</u>	<u>2004</u>
Operating Revenues:		
Foundation payments	\$ 561,504	\$ 437,852
Disadvantage pupil	190,168	117,131
State special education	-	50,760
In-Kind - lease & services	196,572	-
Non Operating Revenues:		
State and federal grants	112,706	311,761
Private grants and donations	24,716	55,648
In-Kind - release of debt obligation	<u>62,599</u>	<u>-</u>
Total Revenues	<u>1,148,265</u>	<u>973,152</u>
Operating Expenses:		
Salaries	612,868	446,294
Fringe Benefits	167,695	117,674
Purchased services	407,742	356,869
Materials and supplies	37,576	113,717
Depreciation	50,171	38,517
Other expenses	<u>21,203</u>	<u>-</u>
Total Expenses	<u>1,297,255</u>	<u>1,073,071</u>
Change in net assets	(148,990)	(99,919)
Net assets, beginning of year	<u>72,430</u>	<u>172,349</u>
Net assets (deficit), end of year	<u>\$ (76,560)</u>	<u>\$ 72,430</u>

The revenue received by the Academy from the State of Ohio as general support increased \$145,929 over fiscal year 2004 due to the increased number of students enrolled in the Academy for the 2004-2005 school year, as well as increases in the per pupil funding amount in the State Foundation Program. The decrease in federal and state educational grants was due to the Academy receiving a substantial federal grant available to newly established charter schools in prior years which it was not entitled to receive in fiscal year 2005. The in-kind revenue reported in fiscal year 2005 was recorded when VOA/ORV released the Academy from repayment of \$136,810 in lease obligations, \$59,762 of contractual services provided to the Academy and \$62,599 due on prior obligations which was reported as a liability in the prior year.

Total expenses of the Academy reported the fiscal year were \$224,184 more than those reported for the fiscal year 2004. Of this amount, \$216,595 was related to increases in the costs of payroll and related benefits for the Academy's employees. As previously mentioned, the Academy required additional staff to meet the increase in the number of students enrolled during the 2004-2005 school year. In addition, the cost of providing insurance benefits to staff members continues to increase at a rapid pace for the Academy; following the national trend for employers. Liabilities recorded at the end of the fiscal year related to accrued wages and benefits, severance payment, and compensated absences were significantly higher than the previous year which contributed to the increased expenses reported.

Capital Assets

At June 30, 2005, the capital assets of the Academy totaled \$141,663 which was offset by \$118,532 in accumulated depreciation, resulting in net capital assets of \$23,131. The \$39,185 decrease in total net capital assets from the prior year is due to current year depreciation expense (\$50,171) being more than current year acquisitions (\$10,986). During fiscal year 2005, the Academy capitalized the purchase of student desks as well as improvements made to the building it leases.

See Note 6 of the notes to the basic financial statements for additional information on the Academy's capital assets.

Current Financial Issues

In June 2006, the Academy's Board of Directors made the determination it was no longer viable to keep the Academy in operation due to a decrease in the number of enrolled students, as well as the lack of a sponsor organization for the 2006-2007 school-year. Therefore, the decision was made not to open the Academy for the 2006-2007 school-year. The Academy is currently in the process of settling with its vendors on obligations owed.

Contacting the Academy

This financial report is designed to provide a general overview of the finances of the Maud Booth Academy, Inc. and to show the Academy's accountability for the monies it receives to all vested and interested parties, as well as meeting the annual reporting requirements of the State of Ohio. Any questions about the information contained within this report or requests for additional financial information should be directed to:

Maud Booth Academy
Attn: Treasurer
300 Lytle Street
Cincinnati, OH

MAUD BOOTH ACADEMY

Statement of Net Assets

June 30, 2005

Assets

Current assets:

Cash and cash equivalents \$ 2,326

Receivables:

Grants 6,433

Total current assets 8,759

Noncurrent assets:

Depreciable capital assets (net of accumulated depreciation) 23,131

Total assets 31,890

Liabilities:

Current liabilities:

Accounts payable 34,899

Accrued wages payable 47,911

Intergovernmental payable 14,725

Accrued severance payments payable 7,696

Compensated absences payable 3,219

Total current liabilities 108,450

Net Assets (Deficit):

Invested in capital assets, net of related debt 23,131

Unrestricted deficit (99,691)

Total net assets (deficit) \$ (76,560)

See accompanying notes to the basic financial statements.

MAUD BOOTH ACADEMY
Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended June 30, 2005

Operating revenues:

Foundation payments	\$ 561,504
Disadvantaged pupil impact aid	190,168
In-kind - lease payments and professional services	<u>196,572</u>
 Total operating revenues	 <u>948,244</u>

Operating expenses:

Salaries	612,868
Fringe benefits	167,695
Lease payments	136,810
Other purchased services	270,932
Materials and supplies	37,576
Depreciation	50,171
Other	<u>21,203</u>
 Total operating expenses	 <u>1,297,255</u>

Operating loss (349,011)

Non-operating revenues:

State and federal grant revenue	112,706
Gifts and donations	24,716
In-kind contribution - release of debt obligation	<u>62,599</u>
 Total non-operating revenues	 <u>200,021</u>

Changes in net assets (148,990)

Net assets at beginning of year 72,430

Net deficit at end of year \$ (76,560)

See accompanying notes to the basic financial statements.

MAUD BOOTH ACADEMY
Statement of Cash Flows
For the Year Ended June 30, 2005

Increase(Decrease) in Cash and Cash Equivalents

Cash flows from operating activities:

Cash from State of Ohio	\$ 751,672
Cash payments to suppliers for goods and services	(232,479)
Cash payments to employees for services	(568,381)
Cash payments for employee benefits	<u>(155,679)</u>
Net cash used for operating activities	<u>(204,867)</u>

Cash flows from noncapital financing activities:

Federal and state subsidies	187,383
Gifts and contributions	<u>24,716</u>
Net cash provided by noncapital financing activities	<u>212,099</u>

Cash flows from capital and related financing activities:

Cash payments for capital acquisitions	<u>(10,986)</u>
Net cash used for capital and related financing activities	<u>(10,986)</u>

Net Increase in Cash and Cash Equivalents (3,754)

Cash and Cash Equivalents, Beginning of Year 6,080

Cash and Cash Equivalents, End of Year \$ 2,326

Reconciliation of operating loss to net cash used for operating activities

Operating loss	\$ (349,011)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation	50,171
Changes in assets and liabilities:	
Decrease in prepaid items	10,810
Increase in accounts payable	26,660
Increase in accrued wages payable	33,572
Increase in intergovernmental payable	14,725
Increase in compensated absences payable	510
Increase in accrued severance payments payable	<u>7,696</u>
Total Adjustments	<u>144,144</u>
Net cash used for operating activities	<u><u>\$ (204,867)</u></u>

Non-Cash Item:

During the fiscal year ended June 30, 2005, the School was released from obligations for \$136,810 in building lease payments; \$59,762 of contracted personal services; and \$62,599 of prior loans payable. These transactions were not evidenced by cash transactions.

See accompanying notes to the basic financial statements.

MAUD BOOTH ACADEMY
Notes to the Basic Financial Statements
For the Year Ended June 30, 2005

1. Description of the Academy and Reporting Entity:

Maud Booth Academy (the Academy) is a state nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to maintain and provide a school exclusively for any educational, literary, scientific and related teaching service. The Academy, which is part of the State's education program, is independent of any school district. The Academy may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the Academy. The Academy qualifies as an exempt organization under Section 501(C)(3) of the Internal Revenue Code. The Academy has not filed with the Internal Revenue Service, Form 990 for the fiscal year ending June 30, 2005. The Academy could be assessed a penalty of \$20 per day for each day past the filing date, December 15, 2005, for each return by the Internal Revenue Service. Management is not aware of any course of action or series of events that have occurred that might adversely affect the Academy's tax exempt status.

The Academy was approved for operation under contract with the Ohio State Board of Education (Sponsor) for a period of five years commencing June 28, 2001. 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 an eight-member Board of Directors (the Board), which includes three representatives from Volunteers of America/Ohio River Valley (VOA/ORV). VOA/ORV provides certain oversight and management services to the Academy. The Board is responsible for carrying out the provisions of the contract with the Sponsor which includes, but is not limited to, state mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Board controls the Academy's one instructional/support facility staffed by five non-certified and eight certificated teaching personnel who provide services to students.

2. Summary of Significant Accounting Policies:

The financial statements of the 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; however the Academy has elected not to follow any FASB statements or interpretations 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.

Enterprise fund reporting focuses on the determination of the change in net assets, financial position and cash flows.

MAUD BOOTH ACADEMY
Notes to the Basic Financial Statements
For the Year Ended June 30, 2005

B. Measurement focus and basis of accounting

The accounting and financial reporting treatment applied to a fund is determined by its 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 difference between total assets and liabilities are defined as net assets. The statement of revenues, expenses and changes in net assets present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

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 for 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.

C. 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 Rev. Code Section 5705, unless specifically provided in the Academy's contract with its Sponsor. The contract between the Academy and its Sponsor does prescribe a budgetary process for the Academy, requiring the provision of an estimated Academy budget for each year of the period of the contract. The contract also requires the Academy Director to review actual vs. budgeted financial statements on a monthly basis, reconciling significant variances as they occur. The financial statements are also presented to the Board on a quarterly basis. Should unforeseen circumstances arise, adjustments to the budget are made with Board approval.

D. Cash and cash equivalents

All monies received by the Academy are maintained in a demand deposit account. For internal accounting purposes, the Academy segregates its cash.

E. 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 these estimates.

MAUD BOOTH ACADEMY
Notes to the Basic Financial Statements
For the Year Ended June 30, 2005

F. Capital assets and depreciation

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market value as of the date received. The Academy maintains a capitalization threshold of \$500. The Academy does not have 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 the asset's life are expensed.

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:

Leasehold Improvements	1-3 years
Furniture, Fixtures and Equipment	3-7 years
Textbooks	3-7 years

G. Compensated Absences

Full-time Academy employees earn sick/personal leave each year. These employees are allowed to carryover a maximum of fifteen (15) days of unused sick leave to subsequent years. A liability of \$3,219 has been recognized for earned but unused sick leave at June 30, 2005.

The Academy does not record a liability for vacation leave benefits because its policy does not address whether the liability is owed to the employees.

H. Accrued liabilities payable

The Academy has recognized certain liabilities on its statement of net assets relating to expenses, which are due but unpaid as of June 30, 2005, including:

Wages payable – salary payments made after year-end that were for services rendered in fiscal year 2005. Teaching personnel are paid in 26 equal installments, ending with the last pay period in July, for services rendered during the previous school year. Therefore, a liability has been recognized at June 30, 2005 for all salary payments made to teaching personnel during the month of July 2005.

Intergovernmental payable – payment for the employer's share of the retirement contribution (\$6,707), workers' compensation (\$7,323) and Medicare (\$695) associated with past due workers' compensation premiums as well as amounts due on services rendered during fiscal year 2005 that were paid in the subsequent fiscal year.

Accrued severance payment payable – In June 2005 the Academy's Superintendent left the position and was subsequently paid a severance payment in July 2005. The \$7,696 recorded on the Statement of Net Assets represents the liability for this payment.

MAUD BOOTH ACADEMY
Notes to the Basic Financial Statements
For the Year Ended June 30, 2005

I. Operating and non-operating revenues and expenses

Operating revenues are those revenues that are directly generated by the Academy's primary mission. For the Academy, operating revenues include foundation payments (basic aid and disadvantaged pupil impact aid) received from the State of Ohio. Operating expenses are necessary costs incurred to support the Academy's primary mission, including depreciation.

Non-operating revenues and expenses are those that are not generated directly by the Academy's primary mission. Various state and federal grants, as well as gifts and donations, comprise the non-operating revenues of the Academy.

J. 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 less any outstanding capital related debt.

3. Change in Accounting Principles:

For fiscal year 2005, the Academy has implemented Governmental Accounting Standards Board (GASB) Statement No. 40, "Deposits and Investment Risk Disclosure". GASB Statement No. 40 establishes and modifies the disclosure requirements related to risk associated with deposits and investments. The implementation of this Statement did not result in any change to the Academy's financial statements, only the disclosures contained within Note 4.

4. Deposits and Investments:

Custodial credit risk for deposits is the risk that in the event of bank failure, the Academy will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Academy does not have a policy addressing custodial credit risk for its deposits. At June 30, 2005, the carrying amount of the Academy's deposits was \$2,326 and the bank balance was \$25,860. The entire bank balance was covered by federal depository insurance and is therefore not considered to be subject to custodial credit risk.

5. Intergovernmental Receivables:

All intergovernmental receivables are considered collectible in full due to the stable condition of State programs, and the fiscal year guarantee of federal funds. Intergovernmental receivables of the Academy at June 30, 2005 consisted of \$6,433 related to federal reimbursement for qualifying food service disbursements made in May 2005.

MAUD BOOTH ACADEMY
Notes to the Basic Financial Statements
For the Year Ended June 30, 2005

6. Capital Assets:

A summary of the Academy's capital assets at June 30, 2005, follows:

	Balance 7/1/2004	Additions	Deletions	Balance 6/30/2005
Capital assets being depreciated:				
Leasehold Improvements	\$ 37,781	\$ 9,960	\$ -	\$ 47,741
Furniture, Fixtures & Equipment	48,563	1,026	-	49,589
Textbooks	44,333	-	-	44,333
Total capital assets being depreciated	<u>130,677</u>	<u>10,986</u>	<u>-</u>	<u>141,663</u>
Less accumulated depreciation:				
Leasehold Improvements	23,916	23,825	-	47,741
Furniture, Fixtures & Equipment	20,526	11,568	-	32,094
Textbooks	23,919	14,778	-	38,697
Total accumulated depreciation	<u>68,361</u>	<u>50,171</u>	<u>-</u>	<u>118,532</u>
Capital assets, net of depreciation	<u>\$ 62,316</u>	<u>\$ (39,185)</u>	<u>\$ -</u>	<u>\$ 23,131</u>

7. Risk Management:

Property and liability – The Academy is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

During fiscal year 2005, the Academy contracted with Utica National Insurance Group for business personal property with an insurance limit of \$257,500 and for general liability insurance with \$1 million for each occurrence and \$2 million aggregate and no deductible. There is a \$500 deductible for building and business personal property coverage.

Employer's liability is also covered by Utica National Insurance Group with \$1 million for bodily injury by accident and bodily injury by disease with a policy limit of \$1 million.

There has been no significant change in insurance coverage from last year.

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

8. Defined Benefit Pension Plans:

A. School Employees Retirement System

The Academy contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State Statute 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 43215-3476 or by calling (614) 222-5853.

MAUD BOOTH ACADEMY
Notes to the Basic Financial Statements
For the Year Ended June 30, 2005

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, currently 14 percent of annual covered payroll. A portion of the Academy's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; at June 30, 2005, 10.57 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The Academy's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2005, 2004 and 2003 were \$17,878, \$6,502, and \$5,366, respectively; 100 percent has been contributed for all fiscal years.

B. State Teachers Retirement System

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 the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2005, plan members were required to contribute the statutory maximum of 10.0 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% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

MAUD BOOTH ACADEMY
Notes to the Basic Financial Statements
For the Year Ended June 30, 2005

The Academy's required contributions for pension obligations for the fiscal years ended June 30, 2005, 2004 and 2003 were \$62,740, \$48,367 and \$37,478, respectively; 100 percent has been contributed for all fiscal years.

9. Postemployment Benefits

State Teachers Retirement System of Ohio (STRS Ohio) provides access to health care coverage to retirees who participated in the Defined Benefit or Combined Plans and their dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B Coverage. Pursuant to the Ohio Revised Code (R.C.), the State Teachers Retirement Board (the Board) has discretionary 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. The R.C. grants authority to STRS Ohio to provide health care coverage to benefit recipients, spouses and dependents. By Ohio law, health care benefits are not guaranteed and the cost of the coverage paid from STRS Ohio funds shall be included in the employer contribution rate, currently 14 percent of covered payroll.

The Retirement Board allocates employer contributions to the Health Care Stabilization Fund from which health care benefits are paid. For fiscal year ended June 30, 2005, the Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The balance in the Health Care Stabilization Fund was \$3.3 billion on June 30, 2005. For the Academy, this amount equaled \$4,481 during the 2005 fiscal year.

For the year ended June 30, 2005, net health care costs paid by STRS Ohio were \$254,780,000. There were 115,395 eligible benefit recipients.

For SERS, the Ohio Revised Code gives the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Effective January 1, 2004, 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.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2005, the allocation rate is 3.43 percent. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2005, the minimum pay has been established at \$27,400. 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. For the Academy, the amount to fund health care benefits, including the surcharge, was \$4,380 for fiscal year 2005.

Health care benefits are financed on a pay-as-you-go basis. Net health care costs for the year ending June 30, 2005 were \$178,221,113. The target level for the health care fund is 150 percent of the projected claims less premiums contributed for the next fiscal year. As of June 30, 2005, the value of the health care fund was \$267.5 million, which is about 168 percent of next year's projected net health care costs of \$158,776,151. On the basis of actuarial projections, the allocated contributions will be insufficient, in the long term, to provide for a health care reserve equal to at least 150 percent of estimated annual net claim costs. The number of participants eligible to receive benefits at June 30, 2005 was 58,123.

MAUD BOOTH ACADEMY
Notes to the Basic Financial Statements
For the Year Ended June 30, 2005

10. Employee Benefits:

A. Compensated absences

The criteria for determining vacation and sick leave components are derived from policies and procedures approved by the Board. Full-time employees are eligible for up to three paid personal days and seven paid sick days per school term year. Full-time employees, who are fired after the start of the school year, are eligible for a pro-rated number of personal/sick days. Sick days not used will be carried to the next school year. A maximum of fifteen sick days may accumulate. Personal days do not accumulate. Upon resignation, full-time employees will be paid \$100 per day for unused sick time.

Non-certified employees earn ten to twenty-five days of vacation per year, depending upon length of service. Teachers and administrators who are not on a twelve month contract do not earn vacation time.

B. Insurance benefits

The Academy provides life and medical/surgical benefits to most employees through Anthem Blue Cross/Blue Shield of Ohio. The Academy also provides dental benefits to most employees through Superior Dental Company. Employees who are regularly scheduled to work forty hours per week are eligible for insurance benefits. Employees are eligible for insurance benefits the first month following thirty days of employment. There were no significant changes to insurance benefits during the fiscal year.

11. Contingencies:

A. Grants

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts, which may be disallowed, if any, are not presently determinable. However, in the opinion of the Academy, any such disallowed claims will not have a material adverse effect on the financial position of the Academy.

B. State funding

The Ohio Department of Education conducts reviews of enrollment data and FTE calculations made by the Academy. These reviews are conducted to ensure the Academy is reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. The results of this review could result in state funding being adjusted. This information was not available as of the date of this report. The Academy does not anticipate any material adjustments to state funding for fiscal year 2005, as a result of such review.

MAUD BOOTH ACADEMY
Notes to the Basic Financial Statements
For the Year Ended June 30, 2005

C. Litigation

A suit was filed in Franklin County Common Pleas Court on May 14, 2001 alleging that Ohio's Community (i.e., Charter) Schools program violates the state Constitution and state laws. On April 21, 2004, 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, 2004. On August 24, 2005, the Court of Appeals rendered a decision that Community Schools are part of the State public education system and this matter was sent to the Ohio Supreme Court. The effect of this suit, if any, on the Academy is not presently determinable.

12. Operating Leases:

The Academy subleases a building from VOA/ORV. A sublease agreement was signed for a term commencing August 1, 2002 and ending July 1, 2005. The lease payments for fiscal year 2005 were established at \$10,858 per month or \$130,295 for the year. The Academy has recorded rental expense associated with this lease at \$136,810 for the year, none of which was paid to VOA/ORV. Subsequent to June 30, 2005 VOA/ORV/ORV released the Academy from its obligation to pay the outstanding lease payments due.

13. Other Purchased Services:

During the fiscal year ended June 30, 2005, other purchased service expenses for services rendered by various vendors were as follows:

Professional and technical services	\$ 145,633
Property services	7,713
Communication & networking services	1,136
Travel & meeting expenses	1,257
Utilities	9,758
Contractual food service	80,692
Pupil transportation	<u>24,743</u>
	<u>\$ 270,932</u>

14. Related Parties:

At June 30, 2005, the Academy owed VOA/ORV \$259,171 related to past due payments for lease payments (\$136,810) and contractual personnel services (\$59,762) as well as \$62,599 owed to VOA/ORV from the prior year for services related to supervision of staff and five months of sub-lease of space at the Anna Louise Inn. Subsequent to June 30, 2005 VOA/ORV released the Academy from its obligation to repay the amounts owed. In the financial statements the forgiveness of these obligations is reported as in-kind contributions in both operating (current year rent and contractual service obligations) as well as non-operating (obligations from previous year) revenues.

MAUD BOOTH ACADEMY
Notes to the Basic Financial Statements
For the Year Ended June 30, 2005

15. Loan Payable:

The following table provides a summary of the activity of the Academy's loan payable to VOA/ORV for fiscal year 2005. As previously noted, VOA/ORV released the Academy from its obligation to repay the amounts. The loan payable obligation was not substantiated or supported by a written, approved loan agreement with clear terms of repayment or any stated interest rates.

<u>Loan Payable</u>	<u>Balance 6/30/2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2005</u>
Volunteers of America - Ohio				
River Valley	\$ 62,599	\$ 196,572	\$ 259,171	\$ -

16. Subsequent Event – Closure of the School:

In June 2006, the Academy's Board of Directors made the determination it was no longer viable to keep the Academy in operation due to a decrease in the number of enrolled students, as well as the lack of a sponsor organization for the 2006-2007 school-year. Therefore, the decision was made not to open the Academy for the 2006-2007 school-year.

The Academy was open for the 2005-2006 school-year and will report the financial results of that year, as well as the costs associated with closing the Academy in the financial statements for fiscal year 2006. The Academy is currently in the process of settling with its vendors on obligations owed.

17. Material Noncompliance:

The Academy did not comply with the provisions of their contract with the Ohio Department of Education requiring the use of pre-numbered, two-part purchase requisitions signed by the requisitioner, and approvals for purchases greater than \$5,000 for non-payroll disbursements. Provisions of their contracts also state that capital assets will be tagged and a subsidy ledger will be maintained; the Academy failed to tag capital assets and did not maintain a complete ledger for their capital assets.

Perry & Associates
Certified Public Accountants, A.C.

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056

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

September 18, 2007

Maud Booth Academy
Hamilton County
300 Lytle Street
Cincinnati, Ohio 45202

To the Board of Trustees:

We have audited the basic financial statements of the **Maud Booth Academy, Hamilton County, Ohio** (the Academy) as of and for the year ended June 30, 2005, and have issued our report thereon dated September 18, 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 the Comptroller General of the United States' *Government Auditing Standards*.

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 audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Academy's internal control over financial reporting. Accordingly, we have not opined 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 we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in 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 its applicable accounting basis, such that there is more than a remote likelihood that the Academy's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

Internal Control Over Financial Reporting (Continued)

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2005-001 through 2005-003.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Academy's internal control will not prevent or detect a material financial statement misstatement.

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 disclose all significant deficiencies that are also material weaknesses. We believe significant deficiencies 2005-001 and 2005-002 described above are material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Academy's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2005-001, 2005-002 and 2005-004 through 2005-006.

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

Respectfully Submitted,

Perry and Associates
Certified Public Accountants, A.C.

**MAUD BOOTH ACADEMY
HAMILTON COUNTY**

SCHEDULE OF FINDINGS
JUNE 30, 2005

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

FINDING NUMBER 2005-001

Noncompliance / Material Weakness

A required element of a community school contract with the sponsor under **Ohio Rev. Code Section 3314.03(A) (8)** is compliance with requirements for a financial audit and maintaining financial records. The Community School Contract, Article III, Section B, states that the following procedures must be in place to provide proper control over non-payroll disbursements:

- Pre-numbered two-part purchase requisitions should be completed for all purchases and signed by the requisitioner.
- For items other than fixed assets, the director is authorized to approve purchases totaling up to \$1,000.
- All fixed asset purchases and purchases greater than \$1,000 but less than \$5,000 must be approved by the director and either the board chairman or treasurer.
- The Board is required to approve any purchases over \$5,000.

The Academy did not always comply with the above requirements. During our testing of non-payroll disbursements, we noted the following:

- Purchase requisitions were not always used for expenditures. In instances in which a purchase requisition could be located, the requisition was not a pre numbered two part requisition as required.
- Instances were found in which expenditures greater than \$1,000 were not approved by the director and either the board chairman or treasurer. Also, expenditures over \$5,000 were not always board approved.
- 3 expenditures out of the 60 tested were not supported by an invoice.
- Approval for payment was not always indicated in invoice.

The above noted control weaknesses could result in errors or misstatements in the financial records, the unauthorized purchases of goods or services, or the misappropriation of Academy assets. We recommend the Academy review its charter agreement and adopt procedures to ensure compliance.

Management's Response – The Academy's Board initiated action during fiscal 2006 to correct the purchase requisition and approval process.

**MAUD BOOTH ACADEMY
HAMILTON COUNTY**

SCHEDULE OF FINDINGS
JUNE 30, 2005

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

FINDING NUMBER 2005-002

Noncompliance / Material Weakness

The Community Schools Contract Article III, Section B states that proper accounting controls will be established regarding the purchase and disposal of capital assets and the purchase of materials and supplies. Items with a useful life greater than one year and costing more than \$500 will be classified as capital assets. The accounting controls will address the following areas:

- All capital assets will be tagged identifying the owner as Maud Booth Academy.
- A capital asset subsidiary ledger will be maintained.

The Academy has not developed a Board approved capital asset policy to establish proper accounting controls for capital assets that is approved by the Board. The Academy has not tagged all capital assets and has not maintained accurate subsidy capital asset ledgers. Failure to maintain records or to employ adequate controls over the acquisition and disposal of capital assets could result in misappropriation of assets and misstatements of financial statements.

To promote adequate safeguards over the Academy's capital assets, and to reduce the risk of misstatement of the Academy's capital assets, the Academy should document a capital asset policy that is approved by the Board and maintain a detailed capital asset subsidiary ledger.

Management's Response – The Academy's Board initiated action during fiscal 2006 to establish a capital asset policy and to maintain a detailed capital asset subsidiary ledger.

FINDING NUMBER 2005-003

Significant Deficiency

The Academy obtained loans from the Volunteers of America (VOA/ORV) during the fiscal period ended June 30, 2005. Although, the VOA/ORV forgave the obligations there was a lack of proper documentation. The loans were not substantiated with documentation; there was no written loan agreement, no terms of repayment, and no stated interest rate. A portion of the loans was for administrative services provided by VOA/ORV personnel for which a contract did not exist. Lack of clear documentation for loan agreements and professional services increases the possibility of loss of Academy resources through unreasonable interest payments, improper payments, and legal fees to resolve misunderstandings.

Management's Response – The receipts from the Volunteers of America during fiscal 2005 were considered to be contributions to the Academy from the Volunteers of America.

**MAUD BOOTH ACADEMY
HAMILTON COUNTY**

SCHEDULE OF FINDINGS
JUNE 30, 2005

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2005-004

Noncompliance Citation

Ohio Revised Code, Section 3314.001, states that every community school established under this chapter shall have a designated fiscal officer. The Auditor of State may require by rule that the fiscal officer of any community school, before entering upon duties as fiscal officer of the school, execute a bond in an amount and with surety to be approved by the governing authority of the school, payable to the state, conditioned for the faithful performance of all the official duties required of the fiscal officer. Any such bond shall be deposited with the governing authority of the school, and a copy thereof, certified by the governing authority, shall be filed with the county auditor. The current fiscal officer has not obtained the bond described above.

Prior to assuming the duties of fiscal officer, the fiscal officer designated under this section shall be licensed under section 3301.074 of the Ohio Revised Code or shall complete not less than sixteen hours of continuing education classes, courses, or workshops in the area of school accounting as approved by the sponsor of the community school. Any fiscal officer who is not licensed under section 3301.074 of the Ohio Revised Code shall complete an additional twenty-four hours of continuing education classes, courses, or workshops in the area of school accounting as approved by the sponsor of the school within one year after assuming the duties of fiscal officer of the school. However, any such classes, courses, or workshops in excess of sixteen hours completed by the fiscal officer prior to assuming the duties of fiscal shall count toward the additional twenty-four hours of continuing education required under this section. In each subsequent year, any fiscal officer who is not licensed under section 3301.074 of the Revised Code shall complete eighty hours of continuing education classes, courses, or workshops in the area of school accounting as approved by the sponsor of the school.

The Academy designated a fiscal officer that is not licensed and has not met the proper continuing education classes. The Academy should designate a fiscal officer that is licensed or has met the proper continuing education classes.

Management's Response – The Academy's Board initiated action during fiscal 2006 to hire a licensed school treasurer.

FINDING NUMBER 2005-005

Noncompliance Citation

Ohio Revised Code Section 3314.003 (A) (14), requires the contract between the community school and the sponsor to specify the governing authority of the school. The Community School Contract Article III, Section C states:

- The Board of Trustees of the Maud Booth Academy will be comprised of seven individuals.
- The Board shall fix the exact number of Trustees by Board resolution or amendment of the By-Laws at its annual meeting.

**MAUD BOOTH ACADEMY
HAMILTON COUNTY**

SCHEDULE OF FINDINGS
JUNE 30, 2005

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2005-005 (Continued)

- Membership of the Board shall be from a range of backgrounds and experience representing professionals, community leaders and parents.
- Three members shall come from the community, three from the Volunteers of America Ohio River Valley, Inc., and one shall be the parent of a student at the school.
- The term of the office of all members of the Board shall be three years.
- At the end of the first year, the Board shall provide for staggered terms of its Trustees, by designating approximately one-half of the trustees for two and three year terms.
- An annual meeting shall be held during the month of July of each year for the purpose of electing Directors, making and receiving reports on school affairs, and transacting other business as presented before the meeting.
- Following expiration of those designated terms, the term of each Trustee shall continue for three years.
- The Board will meet at least six times per year, and each board member will serve on a standing committee.
- The Trustees will have the following standing committees: Executive Committee, Education Committee, Finance and Audit Committee, Human Resources Committee, Nominating Committee of Trustees.

The Academy never had a full board of seven individuals during the school year. The Board consisted of six members who were comprised of three members from the community and three members from Volunteers of America Ohio River Valley, Inc. The Academy did not hold an annual meeting to elect Directors. At the end of the first year the Board did not provide staggered terms for its Trustees. During the course of the fiscal year the Academy did not establish the proper standing committees.

The Academy should review its Community School Contract and adopt procedures to be in compliance.

Management's Response – The Academy's Board initiated action during fiscal 2006 to recruit additional board members, hold an annual meeting to elect Directors, and to establish the proper standing committees.

FINDING NUMBER 2005-006

Noncompliance Citation

Ohio Administrative Code Section 117-2-03(B), states that pursuant to Ohio Revised Code Section 117.38 all local public offices must file an annual financial report. All counties, cities, and school districts, including community schools and education service centers, are required to report following accepted accounting principles within 150 days of the fiscal year end. Any public office generally which does not file the report by the required date shall pay a penalty of twenty-five dollars for each day the report remains unfilled, not to exceed seven hundred fifty dollars.

**MAUD BOOTH ACADEMY
HAMILTON COUNTY**

SCHEDULE OF FINDINGS
JUNE 30, 2005

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

FINDING NUMBER 2005-006 (Continued)

Also, the public office must publish notice in a local newspaper stating the financial report is available for public inspection at the office of the chief fiscal officer. The Auditor of State may provide waivers of these dates and penalties in certain circumstances.

The Academy did not file an annual report for fiscal year 2005 with the Auditor of State by November 30, 2005 and also did not publish notice in a local newspaper stating that the financial report was available for public inspection at the Academy.

Management's Response – The Academy filed the annual report for fiscal year 2005 during the audit review process.

**Maud Booth Academy
Hamilton County**

**Schedule of Prior Audit Findings
For the Year Ended June 30, 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2004-001	ORC § 3314.03(A) (8) – The School did not implement required controls surrounding non-payroll disbursements.	No	Repeated as 2005-001
2004-002	Community School Contract Article III, Section B – Failure to maintain records or to employ adequate controls over the acquisition and disposal of capital assets.	No	Repeated as 2005-002
2004-003	Lack of clear documentation for loan agreements and professional services.	No	Repeated as 2005-003



Mary Taylor, CPA
Auditor of State

MAUD BOOTH 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
DECEMBER 6, 2007**