PHOENIX COMMUNITY LEARNING CENTER
HAMILTON COUNTY

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2007

PHOENIX COMMUNITY LEARNING CENTER
HAMILTON COUNTY

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Mary Taylor, CPA
Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Phoenix Community Learning Center
Hamilton County
7030 Reading Road, Suite 350
Cincinnati, Ohio 45237

To the Board of Directors:

We have audited the accompanying financial statements of the Phoenix Community Learning Center, Hamilton County, Ohio (the Center), as of and for the year ended June 30, 2007, which collectively comprise the Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Center's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Phoenix Community Learning Center, Hamilton County, Ohio, as of June 30, 2007, and the respective changes in financial position and where applicable, cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 9, 2009, on our consideration of the Center'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.

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www.auditor.state.oh.us

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 9, 2009

PHOENIX COMMUNITY LEARNING CENTER
Management Discussion and Analysis
June 30, 2007
Unaudited

The discussion and analysis of Phoenix Community Learning Center's (the PCLC) financial performance provides an overall review of the financial activities for the fiscal year ended June 30, 2007. The intent of this discussion and analysis is to look at the PCLC'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 PCLC'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 2007 are as follows:

- The assets of the PCLC exceeded its liabilities at year-end by $162,764. Of this amount, $77,920 may be used to meet the PCLC's ongoing obligations to students and creditors.
- In total, net assets increased by $40,756.
- Total assets decreased by $1,123, which represents less than a .002% decrease from the prior year. The decrease is primarily due to decreases in capital asset balances.

Using This Financial Report

This financial report contains the basic financial statements of the PCLC, as well as the Management's Discussion and Analysis 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. As the PCLC 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 PCLC's net assets, however, in evaluating the overall position and financial viability of the PCLC, non-financial information such as the condition of the PCLC building and potential changes in the laws governing charter PCLCs in the State of Ohio will also need to be evaluated.

The following table presents a condensed summary of the PCLC's overall financial position at June 30, 2007 and June 30, 2006.

	2007	2006
Current and other assets	$422,480	$391,609
Capital assets	84,844	116,838
Total assets	507,324	508,447
Current liabilities	344,560	386,439
Total liabilities	344,560	386,439
Net assets:		
Invested in capital assets, net of debt	84,844	116,838
Unrestricted	77,920	5,170
Total net assets	$162,764	$122,008

Total net assets of the PCLC increased by $40,756 compared with a decrease of $531,751 in the prior year. The increase in total net assets from fiscal year 2006 reduction of approximately $10,000 in both accrued wages and intergovernmental payables related to cost of personnel. By focusing on the mission of the PCLC, the administration controlled costs in key areas during the fiscal year. The PCLC saw a decrease in capital assets as the majority of the decrease can be attributed to the continued depreciation of the leasehold improvements.

PHOENIX COMMUNITY LEARNING CENTER
Management Discussion and Analysis
June 30, 2007
Unaudited

Statement of Revenues, Expenses, and Changes in Net Assets

The following table represents a condensed summary of the PCLC's activities for the years ended June 30, 2007 and 2006.

	2007	2006
Revenues:		
Operating revenues:		
State Foundation	$2,148,921	$2,174,370
DPIA	368,645	385,123
Charges for services	10,736	12,202
Other operating revenues	15,442	728
Non-operating revenues:		
Federal grants	384,267	313,516
State grants	17,500	2,952
Total revenues	2,945,511	2,888,891
Expenses:		
Operating expenses:		
Salaries and wages	1,508,968	1,726,051
Fringe benefits	617,249	573,929
Purchased services:		
Professional and technical services	149,067	215,143
Property services	334,647	337,582
Communications	22,059	46,446
Utilities	56,084	58,248
Other	18,463	46,186
Materials and supplies	147,241	129,037
Depreciation	31,994	165,149
Other expenses	18,983	33,792
Total expenses	2,904,755	3,331,563
Change in net assets	40,756	(531,751)
Ending Net Assets	$162,764	$122,008

Revenues increased due to federal grant allocations being more than the prior year by 23%. The PCLC concentrated on reducing expenses overall and did so 13%. Much of that decrease was attained through changes in staffing levels although the cost of benefits to the remaining employees actually increased.

Capital Assets

At June 30, 2007, the PCLC had $84,844 invested in a broad range of capital assets, including leasehold improvements, furniture, and equipment.

Capital Assets at Year-End (Net of Depreciation)

	2007	2006
Leasehold improvements	$0	$3,703
Equipment and furniture	84,844	113,135
Total	$84,844	$116,838

The decrease of $31,994 in net assets invested in capital assets results from recognizing current year depreciation of capital assets. See Note 5 of the notes to the basic financial statements for more detailed information on the PCLC's capital assets.

Contacting the PCLC

This financial report is designed to provide a general overview of the finances of the Phoenix Community Learning Center and to show the PCLC'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:

Phoenix Community Learning Center
7030 Reading Road, Suite 350
Cincinnati, OH 45237
(513) 351-5801

PHOENIX COMMUNITY LEARNING CENTER
STATEMENT OF NET ASSETS

JUNE 30, 2007

Assets:	
Current assets:	
Cash	$ 378,385
Accounts receivable	15,050
Intergovernmental receivable	14,046
Total current assets	407,481
Noncurrent assets:	
Security deposit	15,000
Capital assets, net depreciation	84,844
Total noncurrent assets	99,844
Total Assets	507,325
Liabilities:	
Current liabilities	
Accounts payable	15,494
Accrued wages and benefits	297,946
Intergovernmental payable	31,120
Total current liabilities	344,560
Net Assets:	
Invested in capital assets, net of related debt	84,844
Unrestricted	77,920
Total net assets	$ 162,764

See accompanying notes to the basic financial statements

PHOENIX COMMUNITY LEARNING CENTER
Statement of Revenues, Expenses and Changes in Net Assets

Year Ended June 30, 2007

Operating Revenues:		
State foundation	$	2,148,921
DPIA		368,645
Extracurricular Activities		10,736
Other operating revenues		15,442
Total operating revenues		2,543,744
Operating Expenses:		
Salaries and wages		1,508,968
Fringe benefits		617,249
Purchased Services:		
Professional and tehnical services		149,067
Property services		334,647
Communications		22,059
Utilities		56,084
Other		18,463
Materials and supplies		147,241
Depreciation		31,994
Other expenses		18,983
Total operating expenses		2,904,755
Operating Loss		(361,011)
Nonoperating revenues:		
Federal grants		384,267
State grants		17,500
Total nonoperating revenues		401,767
Change in net assets		40,756
Net assets, beginning of year		122,008
Net assets, end of year	$	162,764

See accompanying notes to the basic financial statements

PHOENIX COMMUNITY LEARNING CENTER
Statement of Cash Flows

Year Ended June 30, 2007

Cash flows from operating activities:	
Cash received from State of Ohio - Foundation	$ 2,148,921
Cash received from State of Ohio - DPIA	368,645
Cash received from customers	10,736
Cash received from other operating revenues	392
Cash payments for personal services	(2,152,860)
Cash payments for contract services	(604,536)
Cash payments for supplies and materials	(137,475)
Cash payments for other expenses	(19,769)
Net cash used by operating activities	(385,946)
Cash flows from noncapital financing activities:	
Cash received from state and federal grants	401,232
Net change in cash and cash equivalents	15,286
Cash and Cash Equivalents at beginning of year	363,098
Cash and Cash Equivalents at end of year	378,384

Reconciliation of operating loss to net cash used by operating activities:

Operating loss	(361,011)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	31,994
Change in assets and liabilities:	
Accounts receivable	(15,050)
Accounts payable	(20,418)
Accrued wages and benefits	(11,247)
Intergovernmental payable	(10,214)
Net cash used by operating activities	$ (385,946)

See accompanying notes to the basic financial statements

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1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

The Phoenix Community Learning Center, Hamilton County, Ohio (PCLC) 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 PCLC has been determined by the Internal Revenue Service to be a tax-exempt organization under Internal Revenue Code Section 501(c)(3). The PCLC, which is part of the State's education program, is independent of any school district. The PCLC may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the PCLC.

The PCLC was approved for operation under a Community School Contract (Contract) with the Ohio State Board of Education (Sponsor) for a period of five years commencing July 1, 2001. The PCLC began operations on July 1, 2001. The Sponsor is responsible for evaluating the PCLC's performance and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

The PCLC operates under a self-appointing, multi-member Board of Directors (the Board) consisting of five (5) members. Exhibit III of the PCLC's Community School Contract, specifies that vacancies arising on the Board may be filled by the appointment of successors by a majority of the then existing directors. 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 PCLC has one instructional/support facility staffed by teaching personnel, which provides services to approximately 396 students.

Mr. Luther Brown and Dr. Glenda Brown are the founders of the PCLC. Mr. Luther Brown, Board Chairman, is the husband of Dr. Glenda Brown, Superintendent and non-voting Board member.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The PCLC's financial statements 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 PCLC also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The School has elected not to apply FASB Statements and Interpretations issued after November 30, 1989. The more significant of the PCLC's accounting policies are described below.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. BASIS OF PRESENTATION

The PCLC uses enterprise accounting to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by 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 is defined as net assets. The statement of revenues, expenses, and changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net 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.

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, Chapter 5705, unless specifically provided in a school's contract with its sponsor. The Contract between the PCLC and the Sponsor prescribes a budgetary process for the PCLC requiring the Superintendent, Business Manager/Treasurer, and the Board to review the financial statements on a monthly basis. In addition, the PCLC is required to prepare an updated forecast on a monthly or quarterly basis.

D. CASH

All cash received by the PCLC is maintained in demand deposit accounts. The PCLC had no investments during the fiscal year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. 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 PCLC maintains a capitalization threshold of $500. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's life are expensed.

Depreciation of furniture and equipment is computed using the straight-line method over an estimated useful life of five years. Improvements to fixed assets are depreciated over the remaining useful lives of the capital assets. Improvements to the leased building are depreciated over the remaining life of the lease. The PCLC does not possess any infrastructure.

F. INTERGOVERNMENTAL REVENUES

The PCLC currently participates in the State Foundation Program and Disadvantaged Pupil Impact Aid (DPIA) Program. Revenues received from these programs are recognized as operating revenues in which they are earned, essentially the same as the fiscal year.

Federal and state grants are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the PCLC must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the PCLC on a reimbursement basis.

The PCLC participates in other various federal programs through the Ohio Department of Education. These include the National School Lunch Program, Title I, Title II, Title VI, and Title VI-R.

G. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. SECURITY DEPOSIT

The PCLC entered into a lease for the use of a building space for the PCLC's administration. This lease required a security deposit of $15,000 to be paid at its signing. This amount is held by the lessor and will be returned to the PCLC at the lease's expiration.

I. NET ASSETS

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

3. DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the PCLC's deposits may not be returned to it. The PCLC's policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pooled collateral. At June 30, 2007, the PCLC had a carrying value of $378,384. The bank balance was $424,728, of which $100,000 was covered through the Federal Depository Insurance Corporation (FDIC). The remaining $324,728 was covered under a pooled collateral agreement.

At June 30, 2007, the PCLC did not fully reconcile its accounts with the bank resulting in the variance between the financial statement ending balances and the carrying amount of deposits and investments presented. Errors in postings activity to the books and in the reconciliations resulted in an unreconciled book balance that is greater than an unreconciled bank balance by $1,604.

4. INTERGOVERNMENTAL RECEIVABLES

Intergovernmental Receivables at June 30, 2007, consisted of intergovernmental grants. All intergovernmental receivables are considered collectible in full given the stable condition of State programs and the current fiscal year guarantee of federal funds. The principle items of intergovernmental receivables as of June 30, 2007 are as follows:

Intergovernmental Receivable	Amount
School lunch program	$14,046

5. CAPITAL ASSETS

A summary of the capital assets as of June 30, 2007 is as follows:

	Balance 7/1/06	Additions	Disposals	Balance 6/30/07
Leasehold improvements	$684,289	$0	$0	$684,289
Equipment and furniture	298,248	0	0	298,248
Totals at historical cost	982,537	0	0	982,537
Less accumulated depreciation:				
Leasehold improvements	680,586	3,703	0	684,289
Equipment and furniture	185,113	28,291	0	213,404
Total accumulated depreciation	865,699	31,994	0	897,693
Capital assets, net	$116,838	$31,994	$0	$84,844

6. RISK MANAGEMENT

A. Property Liability

The PCLC is exposed to various risks related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural diasters. For fiscal year 2007, the PCLC contracted with Market Finders Insurance Company for property and general liability insurance. The policy's general aggregate, personal and advertising injury, and each occurrence limit is $1,000,000 with a $2,500 deductible. There has been no reduction in coverage from the prior year and settled claims have not exceeded PCLC's coverage in any of the past three years.

B. Workers' Compensation

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

7. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The PCLC 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 and 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.

Plan members are required to contribute 10% of their annual covered salary and the PCLC is required to contribute at an actuarially determined rate. The current PCLC rate is 14% of annual covered payroll. A portion of the PCLC's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2007, 10.68 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 PCLC's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2007, 2006, and 2005, were approximately $52,853, $58,641, and $59,761, respectively; 100% has been contributed for 2007 and 100% has been contributed for 2006 and 2005 fiscal years.

B. State Teachers Retirement System

The PCLC 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 Street, Columbus, Ohio 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 1.5% 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.

7. DEFINED BENEFIT PENSION PLANS (Continued)

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 ton December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2007, plan members were required to contribute 10.0% of their annual covered salaries. The PCLC was required to contribute 14%; 13% 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.

The PCLC’s required contributions for pension obligations for the fiscal years ended June 30, 2007, 2006, and 2005, were approximately $158,945, $159,090, and $108,487, respectively; 100% has been contributed for 2007 and 100% has been contributed for 2006 and 2005 fiscal years.

8. POSTEMPLOYMENT BENEFITS

The PCLC provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians’ fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

8. POSTEMPLOYMENT BENEFITS (Continued)

All STRS benefit recipients and sponsored 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. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribute rate, currently 14% of covered payroll. For the year ended June 30, 2007, the board allocated employer contributions equal to 1% of covered payroll to the Health Care Reserve Fund. For the PCLC, this amount was approximately $8,412 during fiscal year 2007.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2007, (the latest information available) the balance in the Fund was $4.1 billion. For the fiscal year ended June 30, 2007, net health care costs paid by STRS Ohio were $282,743,000 and STRS Ohio had 122,934 eligible benefit recipients.

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For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium.

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. 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, 2007, employer contributions to fund health care benefits were 3.32 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. For the PCLC, the amount contributed to fund health care benefits, including the surcharge, during the 2007 fiscal year approximately $4,659.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the projected claims less premium contributions for the next fiscal year. Expenses for health care for the fiscal year ended June 30, 2007 (the latest information available) were $219.4 million. At June 30, 2007, SERS had net assets available for payment of health care benefits of $386.4 million. SERS has 55,818 participants eligible to receive health care benefits.

9. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

All employees receive 5 sick days and 2 personal days per school year. Employees are not permitted to carry over balances at year end; therefore, there is no liability for accrued compensated absences.

B. Employee Medical and Dental Benefits

The PCLC has purchased insurance from Anthem Blue Cross/Blue Shield to provide employee medical/surgical and dental benefits. The PCLC pays 80% for a single premium rate, and 75% for the family premium rate.

10. OPERATING LEASE

The PCLC leases its building from the Allen Temple Real Estate Foundation. The lease is for a period of five years beginning July 1, 2001. The minimum future lease payments remaining under this operating lease as of June 30, 2005, based on 37,223 square footage of rental space. The final year of the lease was 2006; however, the Center is continuing operating the facility under a month to month extension that they paid $263,028 for in 2007.

11. CONTINGENCIES

A. Grants

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

B. State Funding

The Ohio Department of Education conducts reviews of enrollment data and FTE calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. The results of this review could result in state funding being adjusted. This information was not available as of the date of this report. The School does not anticipate any material adjustments to state funding for fiscal year 2007, as a result of such review.

12. BOARD MEMBERS

Board members receive a $100 stipend per meeting effective September 2005. Mr. Caleb Brown, vice-chairman of the PCLC board, is also the PCLC's attorney. Mr. Anthony Robinson, PCLC board member, is employed by Key Bank which is the depository for PCLC.

13. RELATED PARTY TRANSACTIONS

Dr. Glenda Brown, Superintendent/Board Member, and Mr. Luther Brown, Board President, who are co-founders of PCLC, are married. Dr. Glenda Brown received bonuses totaling $32,500 during the fiscal year.

The PCLC hired Dr. Glenda Brown's nieces Ms. Jevelyn Latham Hubbard as a Literacy Consultant at a rate of $120 per hour and Sherylon Miree as a Health Maintenance Coordinator. Ms. Jevelyn Latham was paid $19,149 during the fiscal year and Sherylon Miree was paid $33,540 during the fiscal year. The District also employed Dr. Brown's sister, Geraldine Latham, as a consultant. Ms. Geraldine Latham was paid $7,000 during the fiscal year.

14. COMPLIANCE

The PCLC did not present accurate reconciliations for its bank account to fund balances as required by Ohio Administrative Code Section 117-02(A)(D).

The PCLC did not provide evidence for all payments as required by Ohio Rev. Code Section 149.351.

The PCLC failed to keep accurate records of student attendance in accordance with Ohio Rev. Code Section 3314.03(A)(6)(b).

The PCLC did not execute purchase orders in accordance with their sponsor contract with the Thomas B. Fordham Foundation.

15. SUBSEQUENT EVENTS

The PCLC purchased property located at 3595 Washington Avenue, Cincinnati, Ohio 45229 on Monday September 29, 2008 for $4,023,184. The building purchase price was $1,500,000 and the remaining $2,523,184 is for renovations. The PCLC obtained a loan from Self-Help Ventures Fund in the amount of $3,623,000 to assist with the purchase of this property.

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

Phoenix Community Learning Center
Hamilton County
7030 Reading Road, Suite 350
Cincinnati, Ohio 45237

To the Board of Directors:

We have audited the basic financial statements of the Phoenix Community Learning Center, Hamilton County, Ohio (the Center), as of and for the year ended June 30, 2007, and have issued our report thereon dated July 9, 2009. 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 Center'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 Center's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Center'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 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 Center'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 Center's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2007-005, 2007-007, and 2007-008.

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

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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. However, of the significant deficiencies described above, we believe findings number 2007-005 and 008 are also material weaknesses.

We also noted certain internal control matters that we reported to the Center's management in a separate letter dated July 9, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the Center'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 2007-001 through 2007-004 and 2007-006 through 2007-008.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Center's management in a separate letter dated July 9, 2009.

We intend this report solely for the information and use of the management, Board of Director's, and the sponsor, Thomas B. Fordham Foundation. We intend it for no one other than these specified parties.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 9, 2009

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

FINDING NUMBER 2007-001

Finding for Recovery Repaid Under Audit

Mr. Luther Brown, President of the Board, stayed at the Wyndham Albuquerque Hotel for a conference. Phoenix Community Learning Center initially paid all of the conference expenses, including prepaying for the hotel. The Center's original pre-payment to the hotel was more than the actual amount and the hotel reimbursed Mr. Brown's credit card $143.35. Mr. Brown did not return this unused money back to the Center. The following table documents the dates of stay at the Wyndham Albuquerque Hotel, number of days at the Wyndham Albuquerque Hotel, and the amount not reimbursed to the Center:

Check Date	Check Number	Check Amount	Payee	Purpose
04/20/07	5362	143.35	Wyndham Albuquerque	Conference hotel rooms
Total		**$143.35**		

In accordance with the forgoing facts and pursuant to **Ohio Revised Code Section 117.28**, a finding for recovery for public money illegally expended is hereby issued against Mr. Luther Brown, President of the Board in the amount of $143.35 in favor of the Phoenix Community Learning Center's General Fund.

The Phoenix Community Learning Center's General Fund was reimbursed $143.35 while under audit.

Officials' Response:

The Hotel made an error in processing the credit to the wrong credit card. The error has been corrected and the funds were repaid to the Phoenix Community Learning Center's General Fund.

FINDING NUMBER 2007-002

Finding for Recovery Repaid Under Audit

Mr. William Wallace, Board member, stayed at the Wyndham Albuquerque Hotel for a conference. Phoenix Community Learning Center initially paid all of the conference expenses, including prepaying for the hotel. The Center's original pre-payment to the hotel was more than the actual amount and the hotel reimbursed Mr. Wallace's credit card $143.35. Mr. Wallace did not return this unused money back to the Center. The following table documents the dates of stay at the Wyndham Albuquerque Hotel, number of days at the Wyndham Albuquerque Hotel, and the amount not reimbursed to the Center:

Check Date	Check Number	Check Amount	Payee	Purpose
04/20/07	5362	143.35	Wyndham Albuquerque	Conference hotel rooms
Total		**$143.35**		

In accordance with the forgoing facts and pursuant to **Ohio Revised Code Section 117.28**, a finding for recovery for public money illegally expended is hereby issued against Mr. William Wallace, Board member in the amount of $143.35 in favor of the Phoenix Community Learning Center's General Fund.

FINDING NUMBER 2007-002
(Continued)

The Phoenix Community Learning Center's General Fund was reimbursed $143.35 while under audit.

Officials' Response:

The Hotel made an error in processing the credit to the wrong credit card. The error has been corrected and the funds were repaid to the Phoenix Community Learning Center's General Fund.

FINDING NUMBER 2007-003

Finding for Recovery

Ohio Rev. Code, Section 149.351, states that all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions provided for under sections 149.38 to 149.42 of the Revised Code.

The Center did not provide evidence that these payment were for business or training related to the Center, or that the payment related only to a Center employee. Therefore, the Center could not provide evidence that this payment was for a proper public purpose.

Check Date	Check Number	Check Amount	Payee	Purpose
04/27/06	Debit card	523.19	Sheraton West Point Lakeside Hotel	Conference hotel rooms
Total		**$523.19**		

In accordance with the forgoing facts and pursuant to **Ohio Revised Code Section 117.28**, a finding for recovery for public money illegally expended is hereby issued against Superintendent/Director Glenda Brown and former Treasurer Michael Ashmore in the amount of $523.19 in favor of the Phoenix Community Learning Center's General Fund.

Additionally, under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is liable for the amount of the expenditure. Seward v. National Surety Corp. (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074: Ohio Rev. Code Section 9.39; State ex. Rel. Village of Linndale v. Masten (1985), 18 Ohio St. 3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att'y Gen. No. 80-074.

Therefore, because Superintendent/Director Glenda Brown and former Treasurer Michael Ashmore signed the checks resulting in unauthorized payments, they are jointly and severally liable in the amount of $523.19, in favor of the General Fund. Additionally, because the former Treasurer Michael Ashmore was not individually bonded but both were bonded under the Employee Dishonesty Bond, the Caldwell Insurance Agency is jointly and severally liable in the amount of $523.19 in favor of the General Fund to the extent that recovery is not obtained from Superintendent/Director Glenda Brown and former Treasurer Michael Ashmore.

Officials' Response:

The School has procedures in place to ensure the maintenance of complete records and files related to the operation of the School as required by law.

FINDING NUMBER 2007-004

Noncompliance

Ohio Rev. Code, Section 149.351, states that all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions provided for under sections 149.38 to 149.42 of the Revised Code.

While we were able to determine the work was performed, the Center failed to supply invoices or receipts for the following items:

Check Date	Check Number	Check Amount	Payee	Purpose
7/31/06	4971	$10,000	Certified Master Painters	Building Painters
Total		**$10,000**		

The failure to maintain adequate support for expenditures could result in a loss of accountability over the Center's finances, make it difficult to identify errors which could go undetected, and possibly result in expenditures that are not for a proper public purpose.

Officials' Response:

The School has procedures in place to ensure the maintenance of complete records and files related to the operation of the School as required by law.

FINDING NUMBER 2007-005

Material Weakness

Establishing and monitoring capital asset policies and procedures are important controls for the Center to safeguard capital assets and provide information necessary for logistical decisions, planning capital purchases, maintaining adequate insurance coverage, and providing evidence in case of theft or loss.

Although the Center financial statement notes indicate that the Center "maintains a capitalization threshold of $500" the Center has not developed a Board approved capital assets or inventory policy to establish proper accounting and controls for capital assets and has not maintained accurate capital asset ledgers.

We noted the following conditions regarding capital assets:

- The Center listed 50 Gateway desktop computers at $775 each on their capital asset listing and included these amounts on the financial statements. We could only locate 39 of these computers, and these 39 computers were not were not tagged or being used by the students or teachers;

- We could not locate an "Olympic bar", "a Toshiba laptop" or an "elliptical machine" valued on the capital asset inventory listing at $1,120, $1,500 and $600 respectively.

These conditions resulted in the following immaterial audit adjustments, which the Center did not record on the financial statements or accounting records.

FINDING NUMBER 2007-005
(Continued)

	Account	Debit	Credit
11 Gateway computers on capital asset listing at $775 each; not located	Capital Assets		$8,525
	Accumulated depreciation	$1,705	
Olympic bar could not be located	Capital Assets		1,120
	Accumulated depreciation	240	
Toshiba laptop could not be located	Capital Assets		$1,500
	Accumulated depreciation	300	
Elliptical machine could not be located	Capital Assets		$600
	Accumulated depreciation	120	
Total		**$2,365**	**$11,745**

We also noted the following conditions that did not result in audit adjustments:

- The Center provided an invoice for 45 Dell laptop computers purchased for $13,950 (unit cost of $310), but listed 70 Dell laptop computers valued at $13,945 (unit cost of $199) on their capital asset listing. These 45 computers were not tagged or being used by the students or teachers.

- Ten printers still in the unopened boxes and untagged were not accounted for on any capital asset or inventory listing.

- 30 printers were not tagged or being used by the students or teachers and were not accounted for on any capital asset or inventory listing.

- Five fax machines were not tagged or in use and were not accounted for on any capital asset or inventory listing.

- The items listed above were not accounted for on any capital asset or inventory listing.

We recommend the Center establish a capital asset policy to be approved and adopted by the Board and monitored by Center management. The capital asset policy should at a minimum include:

- Procedures for tagging and recording valuation and pertinent information for all assets received meeting the Center's capitalization criteria;

- Policies for maintaining a detailed capital asset subsidiary ledger with the information noted above as well as the depreciation calculation of each asset.

- Procedures for recording capital asset values and related depreciation in the annual financial statements.

The lack of a fixed asset system and established procedures to monitor asset additions and deletions increases the risk that errors, theft or fraud may occur and not be detected in a timely manner.

FINDING NUMBER 2007-005
(Continued)

We recommend that the Center utilize a fixed asset tracking and valuation system. This system should provide supporting documentation on each fixed asset. Such information should include, but not be limited to, date of purchase or acquisition, brief description of the asset; location of asset; identification number; purchase price; estimated useful life; disposition date, and amount received on disposition. The system should categorize assets by major type (e.g., land, buildings, equipment) and should summarize the amount invested in fixed assets by major type. The system should also record and summarize depreciation expense and accumulated depreciation for each fixed asset. The system should provide for perpetual updating of this information.

Officials' Response:

The School has a capital asset policy and is in the process of updating the tracking and valuation system. (Note: This auditor recommendation wasn't provided to the School until after the close of the 2008-2009 school year.)

FINDING NUMBER 2007-006

Noncompliance

The Center did not comply with **File DHA** of the Phoenix Community Learning Center's Policy and Exhibit 2 – Financial Plan Purchasing Section of the Thomas B. Fordham Foundation Contract as follows:

- The policy manual states under purchase procedures that an employee will receive an approved "Purchase Order" when a service or good has been deemed acceptable to purchase. Exhibit 2 – Financial Plan Purchasing Section specifies purchases are authorized after a purchase order is submitted and signed by the superintendent. Per our review of the Center's purchase orders, the purchase order is deemed not approved if the Treasurer and the Superintendent have not signed that they approve the expenditure. In fiscal year 2007, 66 of 455 or 14.5% of the expenditures we reviewed either did not have a purchase order for the expenditure or did not have the purchase order authorized before the expense was incurred. The value of the expenditures that did not have an authorized purchase order for the expenditure was $124,008.

- We also noted 40% of fiscal year 2007 expenditures did not have the required signatures and 60% of purchase requisitions did not have both required signatures.

Failure of the Superintendent to approve and submit a purchase order to the Treasurer for the Center's expenditures and failure of the Treasurer to require a purchase order be submitted and approved before payment of expenditures can result in overspending funds and negative cash fund balances. Although a community school is not required to encumber funds, the Center's sponsor does require the Center to issue a purchase order for expenditures. By executing a purchase order the Center will be in compliance with the sponsor contract and this will also help certify the availability of funds before making purchases and can help prevent the Center from over spending monies in its funds.

There were some controls in place for non-payroll cash disbursements, but testing revealed the control to have purchase orders signed by the Superintendent and Treasurer was not adhered to consistently. Failure to have both signatures on the purchase order and requisitions could lead to inaccurate records, misuse of funds, and could lead to overspending of funds. We recommend the Treasurer and Superintendent review and sign all purchase orders and requisitions from the Center.

FINDING NUMBER 2007-006
(Continued)

Officials' Response:

The Superintendent and Treasurer will add additional controls to ensure an approved "Purchase Order" is in place for all purchases.

FINDING NUMBER 2007-007

Noncompliance/Significant Deficiency

Ohio Rev. Code, Section 3314.03(A)(6)(b), requires that the governing authority adopt an attendance policy that includes a procedure for automatically withdrawing a student from the school if the student without a legitimate excuse fails to participate in 105 consecutive hours of the learning opportunities offered to the student. In the 2006-2007 school year, the Center provided 6.5 hours of instruction per day and therefore a student could not have more than 18 consecutive non-excused absences days before being withdrawn.

The Center's management is responsible for accurately entering and maintaining student information in the Ohio Department of Education (ODE) Community School Average Daily Membership (CSADM) database. The student files maintained by the Center should substantiate student enrollment and withdrawal dates. Additionally, the student files should be maintained with all the appropriate documentation to support the student's enrollment in the school.

Due to the lack of an attendance policy and student records not being properly maintained, additional procedures were performed to determine student attendance. The Center lacked documentation to demonstrate compliance with the above requirement.

- For fiscal year 2007, of the thirty students tested, only 1 (3%) student's enrollment date per CSADM agreed with the Data Analysis for Student Learning (DASL) system. Two students (6%) were withdrawn per CSADM but not per the DASL system.

- One student file could not be located for audit.

- One file examined did not contain the student's birth certificate.

- Two files examined did not contain the social security card.

- Four files examined did not contain a shot record.

- One file examined did not contain a proof of residency.

- Three files examined did not contain a report card.

Failure to accurately update the CSADM database to reflect actual students enrolled and in attendance at the Center could lead to funding overpayment from the Ohio Department of Education. We recommend the Center establish control procedures to monitor and update the CSADM database to accurately reflect all students enrolled and in attendance at the Center. We recommend the Center establish control procedures to ensure all student files and attendance records accurately reflect the student grades, attendance, and withdrawal/enrollment information.

This matter will be referred to the Ohio Department of Education.

FINDING NUMBER 2007-007
(Continued)

Officials' Response:

The School will establish "additional" control procedures to monitor and update the CSADM/SOES database during the 2009-2010 school year. (Note: This auditor recommendation wasn't provided to the School until after the close of the 2008-2009 school year.)

FINDING NUMBER 2007-008

Noncompliance/Material Weakness

Ohio Admin. Code, Section 117-2-02(A)(D), states all public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets and liabilities, document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code.

At June 30, 2007, the Center's fund balance per the financial recordswas more than the bank balance by $1,604. The Center had no support for this difference. In addition, the June 30, 2006 reconciliation provided by the Center contained unsupported reconciling items totaling $17,165 of which $15,050 was posted as an adjustment to reduce the fiscal year 2007 beginning balance on the Center's books. This incorrect posting occurred in fiscal year 2007 that was an error occurring in July 2006. This error was identified and corrected on July 31, 2007 in fiscal year 2008. We compared total receipts and expenses per the bank statements for the year to the books to gain assurance that the items listed were not on the books.

In addition, we noted variances between three weeks to three months in the check dates and the dates the checks were deposited to the bank for 35 of 61 or 57% totaling $29,426.59 of tested receipts. One check totaling $2,206.38 spanned fiscal years. Failure to deposit checks at a date closer to the receipt of the check can lead to inadequate funds available for other expenditures and lead to loss or theft of checks.

Monitoring controls are comprised of regular management and supervisory activities established to oversee whether management's objectives are being achieved covering operational and legal compliance, as well as financial control objectives. Effective monitoring controls should identify unexpected results or expectations (including significant compliance exceptions), investigate underlying causes and take corrective action. We noted areas for which monitoring controls performed by management should be established. There was no documented review and approval of monthly bank reconciliations for fiscal year 2007.

If no review or approval of the monthly reconciliation is performed incorrect amounts may not be detected and could result in negative fund balances. Having a system in place for review and approval, can allow for errors and discrepancies to be detected and corrected in a timely manner. An effective monitoring control system should be implemented to assist management in detecting material misstatements in financial information. This would include the Board reviewing and approving bank reconciliations. Reviewing monthly reports allows the Board to evaluate the budget and the efficiency of the departments. These reviews and approvals should be noted in the Board minutes.

Reconciliations are an effective tool to help management determine the completeness of recorded transactions and verify all recorded transactions have been properly posted to the bank, and all transactions with the bank have been recorded to their records. Failure to post all transactions and to reconcile the book balance to the bank balance on a regular basis increases the risk of unauthorized or inaccurate transactions, undetected errors, and loss or misappropriation of funds occurring without timely detection.

FINDING NUMBER 2007-008
(Continued)

Failure to accurately prepare and reconcile the accounting records reduces the accountability over Center funds and reduces the Board's ability to monitor financial activity, increases the likelihood that monies will be misappropriated and not detected, and increases the likelihood that the Center's financial statements will be misstated.

We recommend the Treasurer perform reconciliations between the bank balance and computer generated general ledger balance. The reconciled checking and payroll account balance (bank balance, less outstanding checks, plus deposits in transit) plus each investment balance should equal the total fund balance. All reconciling variances should be investigated and corrected in a timely manner. We further recommend reconciling variances be documented and corrected monthly. We also recommend that a board member review and sign off on the reconciliation monthly thereby indicating approval and assist in the timeliness of reconciliations.

Officials' Response:

The School's bank reconciliations are now provided in the monthly Board Financial Reports. The monthly Board Financial Reports are reviewed and approved by the Phoenix Community Learning Center Board each month.

PHOENIX COMMUNITY LEARNING CENTER
HAMILTON COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; **Explain**
2006-001	Ohio Adm. Code Section 117-2-02 (A)(D), Failure to reconcile.	No	Reissued as Finding 2007-008
2006-002	Ohio Rev. Code Section 149.351, Destruction of records.	No	Reissued as Finding 2007-003 and 004
2006-003	Purchase orders issued after commitment.	No	Reissued as Finding 2007-006
2006-004	Ohio Rev. Code Section 3314.03(A)(6)(b), Lack of attendance policy and incomplete student files.	No	Reissued as Finding 2007-007

The audit of the 2007 financial statements was performed in conjunction with fiscal year 2006.

Mary Taylor, CPA
Auditor of State

PHOENIX COMMUNITY LEARNING CENTER

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
SEPTEMBER 29, 2009

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