



Mary Taylor, CPA
Auditor of State

**VALUE LEARNING AND TEACHING ACADEMY
HAMILTON COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Value Learning and Teaching Academy
Hamilton County
1100 Sycamore Street
Cincinnati, Ohio 45202

To the Board of Education:

We have audited the accompanying financial statements of the Value Learning and Teaching Academy, Hamilton County, Ohio (the Academy), as of and for the year ended June 30, 2009, which collectively comprise the Academy's basic financial statements 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 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 Value Learning and Teaching Academy, Hamilton County, Ohio, as of June 30, 2009, 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 December 15, 2010, 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.

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.

We conducted our audit to opine on the financial statements that collectively comprise the Academy's basic financial statements. The federal awards expenditure schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the federal awards receipts and expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

December 15, 2010

**VALUE LEARNING AND TEACHING ACADEMY
HAMILTON COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)**

The discussion and analysis of the Value Learning and Teaching (VLT) Academy's, Hamilton County, Ohio (the Academy), and financial performance provides an overall review of the Academy's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Academy's financial performance.

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

Financial Highlights

- Net Assets totaled \$82,576 (Table I) at the close of the 2009 Fiscal Year's operations. The principal components are Invested Capital Assets (\$383,007) and negative Unrestricted Surplus (\$300,431) due to the excess of Current Liabilities over Current Assets.
- Total assets \$567,493 (Table I) consist of Depreciated Net Assets (\$457,793), Cash in Bank (\$30,107), Advanced Rent Prepaid (\$60,058), and Intergovernmental Receivables (\$19,535).
- Total Liabilities (\$484,917) (Table I) consist of Accrued Wages and Benefits (\$219,474) and Trade Payables (\$166,902).

Using this Financial Report

This report consists of three parts, the MD&A, the basic financial statements, and notes to those statements. The basic financial statements include a Statement of Revenues, Expenses, and Changes in Net Assets, and a Statement of Cash Flows.

Statement of Net Assets

The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets, answers the question, "How did we do financially during 2009?" These statements include all assets, liabilities, revenues and expenses, both financial and capital, and short-term and long-term using the accrual basis of accounting and economic resources focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

**VALUE LEARNING AND TEACHING ACADEMY
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**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)**

Table 1 provides a summary of the Academy's net assets for fiscal year 2009.

Table 1

Net Assets		
	2009	2008
Assets:		
Current Assets	\$ 49,642	156,825
Non Current Assets	437,447	633,220
	-----	-----
	487,089	870,045
	-----	-----
Liabilities:		
Current Liabilities	515,856	517,536
Non-Current Liabilities	217,215	0
	-----	-----
Total Liabilities	733,071	517,536
Net Assets		
Invested in Capital Assets	377,389	573,162
Unrestricted	(623,371)	(300,653)
	-----	-----
Total Net Assets	\$ (245,982)	272,509
	-----	-----
	-----	-----

**VALUE LEARNING AND TEACHING ACADEMY
HAMILTON COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)**

Table 2 shows the changes in net assets for fiscal year 2009, as well as a listing of revenues and expenses.

Table 2

Changes in Net Assets			
	<u>2009</u>		<u>2008</u>
Operating Revenues:			
Foundations Payments	\$ 3,935,426	\$	4,462,679
Other	86,298		2,379
Non-Operating Revenues:			
Federal Grants and State Grants	1,046,255		1,107,552
Other	0		15,260
Total Revenues	5,067,979		5,587,870
Operating Expenses:			
Salaries	2,255,692		2,166,718
Fringe Benefits	703,979		715,265
Purchased Services**	2,140,733		2,149,653
Materials and Supplies	77,441		353,651
Depreciation	251,427		240,296
Other Expenses	157,198		167,126
Total Expense	5,586,470		5,792,709
Change in Net Assets	\$ (518,491)	\$	(204,839)

Net asset change of a negative \$518,491 for F Y 2009 stemmed principally from Capital funds spent that exceeded proceeds from Federal and State grants provided for that purpose. Total Foundation Payments of \$3,935,426 were generated by an average student population of 589 which is a decrease of eleven (12) percent during 2009.

** the 2008 amount includes cost of sales – lunchroom of \$296,167

Non-Operating revenues consist of Federal and State grants of \$1,046,255, which includes \$271,809 of Nutrition Grant revenue. Ninety-four (94) percent of Operating Expense was composed of two items - Salaries and Benefits 57%, and Purchased Services (37%). The main components of Purchased Services (\$2,140,733) are Lease Payments of \$859,238, and Repair, Utilities, Insurance and Janitorial expense of \$455,735, Caterer Costs (\$273,668), and Security/Communication cost (\$84,061). Materials and Supplies (\$77,441) was principally Student related costs. Depreciation (\$251,427) is cost of purchased assets allocated over a five year period. Principal components of Other Expenses (\$157,198) are Sponsor Fees (\$118,056), Audit Fees (\$20,221) and school activities (\$15,448).

**VALUE LEARNING AND TEACHING ACADEMY
HAMILTON COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)**

Foundation payments decreased \$527,253 from the previous year. The primary reason is that the Principal didn't accept as many students to keep class sizes 25 students or under and did not allow for students who were no shows. Federal and State grants decrease of \$61,297 stemmed from FY08 Facility Grants decreased by (\$150,000), and zero in other Non-Operating Revenue.

An examination of 2009 expenses vs. 2008 reveals that the total Salaries and Fringe Benefit increase of \$77,688 was an increase of 3% over 2008 explained by an average increase in pay of 3%. Staffing average went down in 2009 from 57.3 to 51.6 due to loss of students and need to do layoffs for the first time. Although the student population decrease of 70 was 11% of the previous year, the incremental staff percentage decrease of 10% is largely attributable to need for cut backs as the year began to coincide with loss of students.

Purchased Services remained fairly constant with change of (\$8,920). Materials & Supplies decrease of (\$276,210) was composed chiefly of instructional equipment and supply cost due to student enrollment. Other Expense decrease (\$9,928) was chiefly due to decreasing some student extra-curriculum activities.

Capital Assets

At the end of fiscal year 2009 the Academy had \$377,389 invested in Capital Assets. Decrease was due to not adding a new building in 2009. See Table 3 for details:

**Table 3
Capital Assets at June 30, 2009
(Net of depreciation)**

	<u>2009</u>	<u>2008</u>	<u>Variance</u>
Leasehold Improvements	185,142	337,452	(152,310)
Furniture, Fixtures, and Equipment	192,247	235,710	(43,463)
Totals	<u>\$ 377,389</u>	<u>\$ 573,162</u>	<u>\$ (195,773)</u>

For more information on capital assets see Note 7 to the basic financial statements.

Debt

At June 30, 2009, the Academy had a balance of \$217,215 on short-term loans payable. The loans were all obtained during the fiscal year. Note 13 to the basic financial statements summarizes the Academy's debt liabilities.

Current Financial Issues

V L T Academy, Hamilton County, Ohio (the Academy), was formed in 2005. During the 2008-2009 school year there were approximately 589 students enrolled in the Academy. The Academy receives its finances mostly from state aid.

Contacting the Academy's Financial Management

This financial report is designed to provide our citizens with a general overview of the Academy's finances and to show the Academy's accountability for the money it receives. If you have questions about this report or need additional information contact Judy McConnell, Treasurer at V L T Academy, 1100 Sycamore, Suite 300, Cincinnati, Ohio, 45202.

VALUE LEARNING AND TEACHING ACADEMY

Statement of Net Assets

June 30, 2009

Assets

Current Assets:

Equity in Pooled Cash and Cash Equivalents	\$30,107
Intergovernmental Receivables	19,535
Total Current Assets	<u>49,642</u>

Non-Current Assets:

Security Deposit	60,058
Depreciable Capital Assets, Net	377,389
Total Non-Current Assets	<u>437,447</u>

Total Assets \$487,089

Liabilities

Current Liabilities:

Accounts Payable	\$166,902
Accrued Wages and Benefits	250,413
Intergovernmental Payable	57,920
Compensated Absences Payable	40,621
Total Current Liabilities	<u>515,856</u>

Non-Current Liabilities:

Lease Payable	209,215
Loan Payable	8,000
Total Non-Current Liabilities	<u>217,215</u>

Total Liabilities \$733,071

Net Assets

Invested in Capital Assets:	377,389
Unrestricted	<u>(623,371)</u>

Total Net Assets (\$245,982)

See accompanying notes to the basic financial statements

VALUE LEARNING AND TEACHING ACADEMY

Statement of Revenues, Expenses and
Changes in Net Assets
For the Fiscal Year Ended June 30, 2009

Operating Revenues

Foundation Payments	\$3,935,426
Other Revenues	86,298

Total Operating Revenues 4,021,724

Operating Expenses

Salaries	2,255,692
Fringe Benefits	703,979
Purchased Services	2,140,733
Materials and Supplies	77,441
Depreciation	251,427
Other	157,198

Total Operating Expenses 5,586,470

Operating Income (1,564,746)

Non-Operating Revenues and Expenses

Other Federal and State Grants	774,446
Federal and State Meal Subsidies	271,809

Total Non-Operating Revenues and Expenses 1,046,255

Change in Net Assets (518,491)

Net Assets Beginning of Year 272,509

Net Assets End of Year (\$245,982)

See accompanying notes to the basic financial statements

VALUE LEARNING AND TEACHING ACADEMY

Statement of Cash Flows

Proprietary Funds

For the Fiscal Year Ended June 30, 2009

	<u>2009</u>
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash received from foundation payment	\$3,935,426
Other Cash Receipts	86,298
Cash Payments to Employees for Services	(2,222,025)
Cash Payments for Employee Benefits	(706,426)
Cash Payments for Goods and Services	(2,062,899)
Other Cash Payments	<u>(157,198)</u>
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>(1,126,824)</u>
Cash Flows from Noncapital Financing Activities	
Operating Grants Received	<u>1,083,455</u>
<i>Net Cash Provided by (Used in) Noncapital Financing Activities</i>	<u>1,083,455</u>
Cash Flows from Capital and Related Financing Activities	
Payments for Capital Acquisitions	<u>(26,614)</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(69,983)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>100,090</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$30,107</u>

(Continued)

VALUE LEARNING AND TEACHING ACADEMY

Statement of Cash Flows

Proprietary Funds (continued)

For the Fiscal Year Ended June 30, 2009

(Continued)

	<u>2009</u>
Reconciliation of Operating Gain (Loss) to Net Cash Provided by (Used in) Operating Activities	
Operating Gain (Loss)	(\$1,564,746)
Adjustments:	
Depreciation	251,427
Increase (Decrease) in Liabilities:	
Accounts Payable	155,275
Accrued Wages & Benefits	33,667
Intergovernmental Payable	(2,447)
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u><u>(\$1,126,824)</u></u>

See accompanying notes to the basic financial statements

**VALUE LEARNING AND TEACHING ACADEMY
HAMILTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

Value Learning and Teaching (VLT) Academy, Hamilton County, Ohio (the Academy), is a nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to address the needs of students in grades K through Eleven. The Academy, which is part of the State's education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The Academy may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the Academy. V L T Academy is organized as a Non-Profit entity under Section 501c (3) of the Internal Revenue Code. The Academy was approved for operation under contract with the Educational Resources Corporation of Ohio (the Sponsor) for a period of five years commencing July 1, 2005. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

The Academy operates under the direction of a minimum five-member Board of Directors. The Board of Directors is responsible for carrying out the provisions of the contract which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Board of Directors controls the Academy's instructional/support facility staffed by 96% Highly Qualified Teachers who provide services to over 589 students.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The Academy's basic financial statements consist of a Statement of Net Assets, a Statement of Revenue, Expenses and Changes in Net Assets, and a Statement of Cash Flows.

The Academy uses enterprise accounting to maintain its financial records. Enterprise fund reporting focuses on the determination of the change in net assets, financial position and cash flows.

B. Measurement Focus

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the statement of net assets. The statement of changes in net assets presents increases (i.e., revenues) and decreases (i.e. expenses) in net total assets. The statement of cash flows provides information about how the Academy finances and meets the cash flow needs of its enterprise activities.

C. Basis of Accounting

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

**VALUE LEARNING AND TEACHING ACADEMY
HAMILTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Non-exchange transactions, in which the Academy receives value without directly giving equal value in return, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Academy must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis.

Expenses are recognized at the time they are incurred.

D. Budgetary Process

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code, Chapter 5705, unless specifically provided in the contract between the Academy and its sponsor.

The contract between the Academy and its Sponsor does not prescribe a budgetary process for the Academy; therefore no budgetary information is presented in the financial statements.

E. Cash Deposits

All monies received by the Academy are accounted for by the Academy's Chief Financial Officer. For cash management, all cash received by the chief financial officer is pooled in a non-interest bearing central bank account. Total cash for the Academy is presented as "equity in pooled cash" on the accompanying statement of net assets.

The Academy had no investments during the fiscal year.

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 values as of the date received. The Academy maintains a capitalization threshold of one thousand dollars. The Academy does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Leasehold Improvements	Life of Lease
Furniture and Equipment	5 years

**VALUE LEARNING AND TEACHING ACADEMY
HAMILTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Net Assets

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

H. Operating Revenues and Expenses

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

I. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

3. ACCOUNTING PRINCIPLES AND FUND BALANCES

For fiscal year 2009, the Academy has implemented GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments", GASB Statement No. 37, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus", Statement No. 38, "Certain Financial Statement Note Disclosures", GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units", GASB Statement No. 41, "Budgetary Comparison Schedules – Perspective Differences", and GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements." GASB Statement No. 34 creates new basic financial statements for reporting on the Academy's financial activities. GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures that potentially could arise, in interpretation and practice. GASB Statement No. 37 clarifies certain provisions of GASB Statement No. 34, including the required content of Management's Discussion and Analysis, the classification of program revenues and the criteria for determining major funds. GASB Statement No. 38 modifies, establishes and rescinds certain financial statement not disclosures. GASB Statement No. 39 further defines the guidelines of GASB Statement No. 14, "The Financial Reporting Entity". The Academy's only enterprise fund had retained earnings of \$82,576 which was reclassified to unrestricted net assets.

4. DEPOSITS

At fiscal year end, the carrying amount of the Academy's deposits (the bank balance) was \$30,107.

Investments: The Academy had no investments at June 30, 2009, or during the fiscal year.

5. RECEIVABLES

Receivables of \$19,535 at June 30, 2009, were intergovernmental items due from School Nutrition Payments. All receivables are considered collectible in full and will be received within one year.

**VALUE LEARNING AND TEACHING ACADEMY
HAMILTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

6. SECURITY DEPOSIT

The lease stipulates that advance rent payments be made at the beginning of the lease that will be credited to the Academy's rental payment during the last year of the lease term. Accordingly, \$50,029 was remitted for the 1100 Sycamore Street lease during the 2006 Fiscal Year. In August of 2006, the second and final advance rent installment of \$10,029 was remitted to the Landlord.

7. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2009:

	Beginning Balance 7/1/2008	Additions	Retirements	Depreciation	Ending Balance 6/30/2009
Leasehold Improvements	\$ 337,452	\$ -	\$ -	\$ 152,310	\$ 185,142
Furniture & Equipment	235,710	55,654	-	99,117	\$ 192,247
Total	\$ 573,162	\$ 55,654	\$ -	\$ 251,427	\$ 377,389

8. RISK MANAGEMENT

A. Property and Liability

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2009, the Academy contracted with Wells Fargo Insurance Agency for property and general liability insurance. General Liability, provided by Wells Fargo Insurance Company, contains a \$1,000,000 single occurrence limit and a \$1,000,000 aggregate and \$10,000,000 Umbrella. There is a \$2,500 deductible.

B. Workers Compensation

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

9. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The Academy contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (614) 222-5853.

**VALUE LEARNING AND TEACHING ACADEMY
HAMILTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

9. DEFINED BENEFIT PENSION PLANS (Continued)

According to SERS website, plan members are required to contribute 10 percent of their annual covered salary and the Academy is required to contribute at an actuarially determined rate. The current Academy rate is 14 percent of annual covered payroll. A portion of the Academy's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2009, 13 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, 2009 was \$329,103; 89 percent has been contributed for fiscal year 2009.

B. State Teachers Retirement System of Ohio

The Academy participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090. New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time, irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

For the fiscal year ended June 30, 2009, according to STRS website, plan members were required to contribute 10 percent of their annual covered salaries. The Academy was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The Academy's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, was \$208,772; 86 percent has been contributed for fiscal year 2009.

**VALUE LEARNING AND TEACHING ACADEMY
HAMILTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

10. POST EMPLOYMENT BENEFITS

The Academy provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio), and to retired non-certified employees and their dependents through the 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 on a pay-as-you-go basis.

All STRS Ohio benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2009, the STRS Ohio Board allocated employer contributions equal to 14% percent of covered payroll to the Health Care Reserve Fund. For the Academy, this amount equaled \$208,181 for fiscal year 2009.

STRS Ohio pays health care benefits from the Health Care Reserve Fund. At June 30, 2008, (the latest information available) the balance in the Fund was \$3.7 billion. For the year ended June 30, 2008, net health care costs paid by STRS Ohio were \$288,878,000 and STRS Ohio had 126,506 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. 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 17.5 percent of the premium.

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, 2008, employer contributions to fund health care benefits were 3.42 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2009, the minimum pay was established at \$14,062. For the Academy, the amount contributed to fund health care benefits, including the surcharge, during the 2009 fiscal year equaled \$107,011.67. 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 17.5 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2008 (the latest information available), were \$285 million and the target level was \$437 million. At June 30, 2005, SERS had net assets available for payment of health care benefits of \$10.8 billion. SERS has approximately 7,865 participants currently receiving health care benefits.

**VALUE LEARNING AND TEACHING ACADEMY
HAMILTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

11. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from policies and procedures approved by the Board of Education. All employees who work more than 25 hours a week accumulate up to three personal days and five sick days each year. Administrative personnel receive vacation leave.

B. Insurance Benefits

The Academy has purchased insurance from the McGohan Brabender Insurance Agency to provide employee medical/surgical and dental benefits. The Academy pays 80% of the monthly premium for employee's and returning employee family members, the Academy will pay 50% for new employee family members.

12. OPERATING LEASE

The Academy is currently committed under four non-cancelable leases with Sun Building Partners Ltd, specifically for the use of their school buildings. The leases are floors 3-7 at 1100 Sycamore Street (Lease 1), and 316 Reading Road Cincinnati, Ohio (Lease 2). An addendum to the leases that included floors 1, 2, and the basement at 1100 Sycamore Street (Lease 3) was signed February 1, 2007.

The Academy recognized an expense of \$859,238 during the current school period ending June 30, 2009. The landlord grants one option of five years to extend this lease beyond the initial lease period at a lease rate to be negotiated with the landlord and consummated at least sixty days prior to the end of any lease period. The annual lease amount is adjusted by the average increase in the U. S. Consumer Price Index for the twelve months from June 1 to May 31 for each year of the lease.

The minimum lease payments under the non-cancelable leases are as follows:

Year ending June 30,	Lease 1	Lease 2	Lease 3	Lease 4	Lease 5	Total
2009	\$ 396,000	\$ 126,575	\$ 164,265	\$ 30,000	\$ 237,699	\$ 954,539
2010	<u>396,000</u>	<u>126,575</u>	<u>164,265</u>	<u>30,000</u>	<u>237,699</u>	<u>954,539</u>
Total	<u>\$ 792,000</u>	<u>\$ 253,150</u>	<u>\$ 328,530</u>	<u>\$ 60,000</u>	<u>\$ 475,398</u>	<u>\$ 1,909,078</u>
	=====	=====	=====	=====	=====	=====

13. DEBT

The Academy acquired a short-term note from SUN Building in March 2009 in the amount of \$219,215. This financing was acquired for the purpose of building renovations. In June 2009, the Superintendent loaned the Academy \$8,000 to assist with cash flow. A schedule of the Academy's debt obligations is as follows:

**VALUE LEARNING AND TEACHING ACADEMY
HAMILTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

13. DEBT (Continued)

Description	Issue Date	Maturity Date	7/1/08 Balance	New Debt Issued	Principal Retired	Interest Paid	6/30/09 Balance
Short term note (SUN Building)	3/1/2009	7/1/2010	\$ -	209,215	0	0	\$ 209,215
Short term note (Superintendent Lee)	6/19/2009	8/16/2009	\$ -	8,000	0	0	\$ 8,000

14. CONTINGENCIES

A. Grants

The Academy received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Academy. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Academy at June 30, 2009.

B. State Funding

The Ohio Department of Education reviews enrollment data and full time equivalency (FTE) calculations made by the schools. These reviews ensure the schools are reporting accurate student enrollment data of the State, upon which state foundation funding is calculated. For fiscal year 2009 the review has not been completed. The Academy does not believe that any variance between the amount received to date and the final payment made to the Academy will have any effect to the Academy's financial standing.

C. Litigation

A suit was filed in Hamilton County Court of Common Pleas on February 19, 2008, by a former employee alleging contract irregularities prevented them from being rehired. The amount of the settlement is determined, VLT will pay the \$2,500 deductible to Wells Fargo, but in any instance it would not have material impact on financial statements ending June 30, 2009.

15. RELATED PARTY TRANSACTIONS

The Academy paid \$249,900 in custodial and maintenance services to CEED during fiscal year 2009. The owner of CEED is married to the Superintendent of VLT Academy.

July 1, 2009 Clyde Lee, husband of the Superintendent, became an employee of VLT Academy at a salary of \$60,000. His job title is Project Manager.

**VALUE LEARNING AND TEACHING ACADEMY
HAMILTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

16. PURCHASED SERVICES

For the year ended June 30, 2009, purchased service expenses were comprised of the following:

School Site Lease	\$859,238
Property Insurance	43,262
Utilities	203,526
Staff Development	34,501
Legal Fees	39,847
Accounting Fees	4,900
Student Testing	51,214
Conference/Travel	2,659
Payroll Processing	87,451
Security Service	10,287
Internet Service	33,356
Copier Maintenance	13,851
Textbooks	23,381
Student Transportation	3,047
Communications	40,418
Postage	1,484
Family/Community Events	5,375
Food Service Contract	273,668
Janitorial Service	249,900
Repair & Maintenance	10,221
State Software (EMIS)	15,770
Advertising	4,562
All Other	128,815

Total	\$2,140,733

17. OTHER EXPENSES

For the year ended June 30, 2009, Other Expense composition was:

Sponsor Fee	\$ 118,056
School Audit	20,221
Student Activities	15,448
All Other	3,473

Total	\$157,198

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**VALUE LEARNING AND TEACHING ACADEMY
HAMILTON COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2009**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
U.S. DEPARTMENT OF AGRICULTURE <i>Passed Through Ohio Department of Education</i>				
Child Nutrition Cluster				
National School Lunch Program	LL-P4	10.555	\$223,757	\$223,757
National School Breakfast Program	LL-P4	10.553	31,101	31,101
Total U.S. Department of Agriculture			254,858	254,858
U.S. DEPARTMENT OF EDUCATION <i>Passed Through Ohio Department of Education</i>				
Special Education Cluster:				
Special Education Grants to States (IDEA Part B)	6B-SF	84.027	132,861	132,861
Special Education - Preschool Grant	PG-S1	84.173	1,108	656
Total Special Education Cluster			133,969	133,517
Title I	C1-S1	84.010	581,372	485,711
Title IV - Drug Free Schools	DR-S1	84.186	7,267	7,204
Title V/VI - Innovative Education	C2-S1	84.298	915	349
Title II-D - Education Technology	TJ-S1	84.318	5,031	3,375
Title II-A Improving Teacher Quality	TR-S1	84.367	20,211	18,322
School Improvement Grants		84.377	60,000	665
Total U.S. Department of Education			808,765	649,143
Total			\$1,063,623	\$904,001

The accompanying notes are an integral part of this schedule.

**VALUE LEARNING AND TEACHING ACADEMY
HAMILTON COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPT AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2009**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Academy (the Government's) federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

The Academy commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the Government assumes it expends federal monies first.



Mary Taylor, CPA

Auditor of State

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

Value Learning and Teaching Academy
Hamilton County
1100 Sycamore St.
Cincinnati, Ohio 45202

To the Board of Trustees:

We have audited the basic financial statements of Value Learning and Teaching Academy, Hamilton County, Ohio (the Academy), as of and for the year ended June 30, 2009, and have issued our report thereon dated December 15, 2010. 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-01 described in the accompanying schedule of findings to be a material weakness.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We also noted certain matters not requiring inclusion in this report that we reported to the Academy's management in a separate letter dated December 15, 2010.

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

We intend this report solely for the information and use of management, the Board of Trustees, the Community School sponsor, federal awarding agencies and pass-through entities and others within the Academy. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

December 15, 2010



Mary Taylor, CPA

Auditor of State

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

Value Learning and Teaching Academy
Hamilton County
1100 Sycamore St.
Cincinnati, Ohio 45202

To the Board of Trustees:

Compliance

We have audited the compliance of Value Learning and Teaching Academy, Hamilton County, Ohio (the Academy), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended June 30, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the Academy's major federal programs. The Academy's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Academy's compliance based on our audit.

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

In our opinion, the Academy complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The Academy's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Academy's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control over compliance.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Academy's ability to administer a federal program such that there is more than a remote likelihood that the Academy's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the Academy's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of the Board of Trustees, management, the Community school sponsor, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

December 15, 2010

**VALUE LEARNING AND TEACHING ACADEMY
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2009**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA 84.010 Title I
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

FINDING NUMBER 2009-001

Material Weakness

When designing the public office's system of internal control and the specific control activities, management should consider ensuring that accounting records are properly designed, verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data. Audit adjustments have been posted to the Academy's financial records and are reflected in the accompanying financial statements to properly reflect the receipts, disbursements, assets and liabilities of the Academy. As a result, the records maintained by the Academy were not an accurate reflection of all moneys received and expended by the Academy. The following exceptions were noted:

**FINDING NUMBER 2009-001
(Continued)**

- Two short term loans, one from their building Lessor (SUN Buildings) in the amount of \$209,215, and one from the Superintendent, Ms. Lee, in the amount of \$8,000 were not included on the financial statements as loan payables and the related expense.
- The Academy capitalized several items such as painting, floor mats and other items as Leasehold Improvements that should have been expensed rather than capitalized, resulting in Capital Assets being overstated and material and supplies expense being understated by \$80,404.

Governmental Accounting and Financial Reporting Standards Codification Standards (Codification) Section 2300.111 states governments should provide detail in the notes to the financial statements about capital assets and long-term liabilities, and Governmental Accounting and Financial Reporting Standards Codification Standards Section 2300.118 states governments should provide detail in the notes to the financial statements about short-term debt activity during the year, even if no short-term debt is outstanding at year-end.

Governmental Accounting and Financial Reporting Standards Codification Standards Section 2300.106 states, the notes to the financial statements are essential to the fair presentation of the financial statements.

The notes are intended to communicate information that is necessary and that cannot be included in the financial statements themselves. The notes provide necessary disclosure of material items, the omission of which would cause the financial statements to be misleading. The notes are an integral part of the financial statements and are intended to be read with the financial statements.

The Academy's notes to the financial statements presented for audit, did not disclose the two short term loans noted above and they did not disclose the one loan in a related party note.

It is vital that the Academy develop and present financial statements which are comprised of all required financial statements and disclosures. Failure to accurately prepare and reconcile the accounting records 1) reduces the accountability over Academy funds, 2) reduces the Board of Directors' ability to monitor financial activity and make informed financial decisions, 3) increases the likelihood that moneys will be misappropriated and not detected, and 4) increases the likelihood that the financial statements will be misstated.

The lack of a capital asset system and established procedures to monitor new asset additions and deletions will decrease the Academy's ability to safeguard its capital assets. Establishing a capital asset system and policies and procedures will improve control over Academy property by decreasing the risk of loss and misappropriation. Perpetual maintenance of such information will also assist the Academy in maintaining adequate insurance as well as provide support evidence in case of theft or fire losses.

We recommend the Academy maintain accurate accounting records, and adopt procedures to properly monitor the Academy's financial activity. Adjustments were posted to the financial statements and, where applicable, to the Academy's financial records to correct the above errors.

Officials' Response:

"The school has acknowledged the initial failure to record two loans that existed at June 30, 2009. The first loan was in the form of a deferred payment to the landlord, Sun building, in the amount of \$209,215. The second loan to VLT was from Valerie Lee, Superintendent, in the amount of \$8,000. Both of these loans were used to assist with cash management. The loans were ultimately recorded and have since been paid off.

**FINDING NUMBER 2009-001
(Continued)**

Additionally, as newly capitalized assets were being reviewed, it was agreed that there were certain assets had been capitalized but did not enhance the life of plant, property or equipment. The subject assets were removed from the balance sheet and appropriately expensed.

These items have been discussed with the auditors and Board. The school has taken steps to review all policies that are currently in place, add new policies and ensure that there is an appropriate level of detail within the policies. Further, a finance committee has been established and will meet on a monthly basis during the school year to try to determine if there are transactions that need to be booked. Finally, the finance committee is working to improve upon internal controls over financial reporting with the addition of improved reconciliations of accounts."

3. FINDINGS FOR FEDERAL AWARDS

None

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Mary Taylor, CPA

Auditor of State

Value Learning and Teaching Academy
Hamilton County
1100 Sycamore Street
Cincinnati, Ohio 45202

To the Board of Trustees:

Ohio Rev. Code Section 117.53 states “the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school.”

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Value Learning and Teaching Academy, Hamilton county, Ohio (the Academy) has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting in June 2007.
2. We read the Student Code of Conduct policy which includes a statement prohibiting Bullying/Intimidation, but it did not include the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - (2) A procedure for reporting prohibited incidents;
 - (3) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - (4) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the “Family Educational Rights and Privacy Act of 1974,” 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
 - (5) A procedure for documenting any prohibited incident that is reported;
 - (6) A procedure for responding to and investigating any reported incident;
 - (7) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;

- (8) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (9) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and Educational Resource Consultants of Ohio and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

December 15, 2010



Mary Taylor, CPA
Auditor of State

VALUE LEARNING AND TEACHING 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
JANUARY 4, 2011**