VALUE LEARNING AND TEACHING ACADEMY
HAMILTON COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2008

Mary Taylor, CPA
Auditor of State

VALUE LEARNING AND TEACHING ACADEMY
HAMILTON COUNTY

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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, 2008, 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, 2008, 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.

Corporate Centre of Blue Ash / 11117 Kenwood Rd. / Blue Ash, OH 45242
Telephone: (513) 361-8550 (800) 368-7419 Fax: (513) 361-8577
www.auditor.state.oh.us

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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 15, 2010

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2008 (UNAUDITED)

The discussion and analysis of the Value Learning and Teaching (VLT) Academy's, Hamilton County, Ohio (the Academy), financial performance provides an overall review of the Academy's financial activities for the fiscal year ended June 30, 2008. 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 $272,509 (Table I) at the close of the 2008 Fiscal Year's operations. The principal components are Invested Capital Assets ($573,162) and negative Unrestricted Surplus (-$300,653) due to the excess of Current Liabilities over Current Assets.

- Total assets $790,045 (Table I) consist of Net Depreciable Capital Assets ($573,162), Cash in Bank ($100,090), Advanced Rent Security Deposit ($60,058), and Intergovernmental Receivables ($56,735).

- Total Liabilities ($517,536) (Table I) consist of Accrued Wages and Benefits ($216,746), Accounts Payables ($207,400), Intergovernmental Payables ($60,367), and Compensated Absences Payables ($33,023).

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 2008?” 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.

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)

Table 1 provides a summary of the Academy's net assets for fiscal year 2008.

Table 1

Net Assets		
	2008	2007
Assets:		
Current Assets	$ 156,825	152,605
Non Current Assets	633,220	680,594
	790,045	833,199
Liabilities:		
Current Liabilities	517,536	355,851
Non-Current Liabilities	0	0
Total Liabilities	517,536	335,851
Net Assets		
Invested in Capital Assets	573,162	680,594
Unrestricted	(300,653)	(203,246)
Total Net Assets	$ 272,509	477,348

Table 2 shows the changes in net assets for fiscal year 2008, as well as a listing of revenues and expenses.

Table 2

Changes in Net Assets

	2008	2007
Operating Revenues:		
Foundations Payments	$ 4,462,679	$ 3,672,375
Other	2,379	537
Non-Operating Revenues:		
Federal and State Grants	1,107,552	907,636
Other	15,260	185,902
Total Revenues	5,587,870	4,766,450
Operating Expenses:		
Salaries	2,166,718	1,994,322
Fringe Benefits	715,265	573,866
Purchased Services**	2,149,653	1,550,662
Materials and Supplies	353,651	305,909
Depreciation	240,296	212,305
Other Expenses	167,126	135,186
Total Expense	5,792,709	4,772,250
Change in Net Assets	$ (204,839)	$ (5,800)

** this includes cost of sales – lunchroom of $296,167

Net asset change of a negative $204,839 for F Y 2008 stemmed principally from Capital funds spent that exceeded proceeds from Federal and State grants provided for that purpose. Total Foundation Payments of $4,462,679 were generated by an average student population of 659 which is an increase of fourteen (14) percent during 2008. Non-Operating revenues total $1,107,552 and consist of Federal and State grants of $858,059 of which $150,000 was designated for Facilities upgrade, and federal and state meal subsidies of $249,493, the principal component of which was a $235,959 Nutrition grant.

Eighty-eight (88) percent of Operating Expense was composed of two items- Salaries and Benefits 51%, and Purchased Services (38%). The main components of Purchased Services ($2,149,653) are Lease Payments of $896,953, and Repair, Utilities, and Janitorial expense of $389,979, Lunchroom Cost ($296,167), and Security/Communication cost ($127,061). Materials and Supplies ($353,651) was principally Student related costs (44%) and Textbook purchases. Depreciation ($240,296) is cost of purchased assets allocated over a five year period. Principal components of Other Expenses ($167,126) are Sponsor Fees ($132,183), Audit Fees ($16,407) and school activities ($16,473).

Foundation payments increased $790,304 from the previous year. Principal reasons are the student population increase (accounting for $790,304) offset by the reduction in per pupil formula cost of doing business factor of $327 per pupil totaling $215,493. Federal and State grants increase of $199,916 stemmed from FY07 Facility Grants decreased by ($200,000), Nutrition Grants increase of ($75,226), and Title fund increase of $129,755 that was due to student population increase. Other Non-Operating Revenue ($15,260) is composed of Student fees and Admission charges.

An examination of 2008 expenses vs. 2007 reveals that the total Salaries and Fringe Benefit increase of $313,795 was an increase of 12% over 2007 explained by a corresponding increase in average staffing (57.3 vs. 53.8). Although the student population increase of 92 was 14% of the previous year, the incremental staff percentage increase of 12% is largely attributable to addition of certified staff for Secondary Core Curriculum requirements mandated by the State Department of Education which is incongruent with the student load for the Secondary level as grade progression of students have not materialized due to the length of time the school has been in existence.

Purchased Services increase of $598,991 was generated by a 28% space increase resulting in increased lease, janitorial, utility, and real estate tax cost.

Materials & Supplies increase of $47,742 was composed chiefly of instructional equipment and supply cost due to student enrollment. Other Expense increase of $31,940 was chiefly due to increase in student extra-curriculum activities.

Capital Assets

At the end of fiscal year 2008 the Academy had $573,162 invested in Capital Assets. See Table 3 for details:

Table 3
Capital Assets at June 30, 2008
(Net of depreciation)

	2008	2007	Variance
Leasehold Improvements	337,452	397,050	(59,598)
Furniture and Equipment	235,710	283,544	(47,834)
Totals	$ 573,162	$ 680,594	$ (107,432)

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

Current Financial Issues

V L T Academy, Hamilton County, Ohio (the Academy), was formed in 2005. During the 2007-2008 school year there were approximately 659 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, 2008

Assets	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	$100,090
Intergovernmental Receivables	56,735
Total Current Assets	156,825
Non-Current Assets:	
Security Deposit	60,058
Depreciable Capital Assets, Net	573,162
Total Non-Current Assets	633,220
Total Assets	$790,045
Liabilities	
Current Liabilities:	
Accounts Payable	$207,400
Accrued Wages and Benefits	216,746
Intergovernmental Payable	60,367
Compensated Absences Payable	33,023
Total Liabilities	$517,536
Net Assets	
Invested in Capital Assets:	573,162
Unrestricted	(300,653)
Total Net Assets	$272,509

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, 2008

Operating Revenues	
Foundation Payments	$4,462,679
Other Revenues	2,379
Total Operating Revenues	4,465,058
Operating Expenses	
Salaries	2,166,718
Fringe Benefits	715,265
Purchased Services	1,853,486
Materials and Supplies	353,651
Cost of Sales - Lunchroom	296,167
Depreciation	240,296
Other	167,126
Total Operating Expenses	5,792,709
Operating Income	(1,327,651)
Non-Operating Revenues and Expenses	
Other Federal and State Grants	858,059
Federal and State Meal Subsidies	249,493
Other	15,260
Total Non-Operating Revenues and Expenses	1,122,812
Change in Net Assets	(204,839)
Net Assets Beginning of Year	477,348
Net Assets End of Year	$272,509

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, 2008

	2008
Cash Flows from Operating Activities	
Cash received from foundation payment	$4,462,679
Other Cash Receipts	2,379
Cash Payments to Employees for Services	(2,164,950)
Cash Payments for Employee Benefits	(715,854)
Cash Payments for Goods and Services	(2,079,654)
Cash Payments for Luchroom Costs	(296,167)
Other Cash Payments	(167,126)
Net Cash Provided by (Used in) Operating Activities	(958,693)
Cash Flows from Noncapital Financing Activities	
Operating Grants Received	1,067,361
Other Non-Operating Revnues	15,260
Net Cash Provided by (Used in) Noncapital Financing Activities	1,082,621
Cash Flows from Capital and Related Financing Activities	
Payments for Capital Acquisitions	(99,841)
Net Increase (Decrease) in Cash and Cash Equivalents	24,087
Cash and Cash Equivalents Beginning of Year	76,003
Cash and Cash Equivalents End of Year	$100,090

(Continued)

VALUE LEARNING AND TEACHING ACADEMY

Statement of Cash Flows

Proprietary Funds (continued)

For the Fiscal Year Ended June 30, 2008

(Continued)

	2008
Reconciliation of Operating Gain (Loss) to Net Cash Provided by (Used in) Operating Activities	
Operating Gain (Loss)	($1,327,651)
Adjustments:	
Depreciation	240,296
Increase (Decrease) in Liabilities:	
Accounts Payable	127,483
Accrued Wages & Benefits	1,768
Intergovernmental Payable	(589)
Net Cash Provided by (Used in) Operating Activities	($958,693)

See accompanying notes to the basic financial statements

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 Ten. 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 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 one instructional/support facility staffed by 36 certificated full time teaching personnel who provide services to 659 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.

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 five hundred dollars. The Academy does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Leasehold Improvements	Life of Lease
Furniture and Equipment	5 years

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 2008, 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 ($300,653) 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 $100,090.

Investments: The Academy had no investments at June 30, 2008, or during the fiscal year.

5. RECEIVABLES

Receivables of $56,735 at June 30, 2008, were intergovernmental items outlined below:

$ 44,219	Due from Federal Grant Programs
12,516	June School Nutrition Payments

$ 56,735	
=======	

All receivables are considered collectible in full and will be received within one year.

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, 2008:

	Beginning Balance 7/1/2007	Additions	Retirements	Depreciation	Ending Balance 6/30/2008
Leasehold Improvements	$ 397,050	$ 92,712	$ -	$ 152,310	$ 337,452
Furniture & Equipment	283,544	40,152	-	87,986	$ 235,710
Total	$ 680,594	$ 132,864	$ -	$ 240,296	$ 573,162

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 2008, 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 $1,000 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.

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 2008, 10.58 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The Academy's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008 was $98,602.78; 100 percent has been contributed for fiscal year 2008.

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.

9. DEFINED BENEFIT PENSION PLANS (Continued)

For the fiscal year ended June 30, 2008, 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, 2008, was $126,746.68; 86 percent has been contributed for fiscal year 2008.

10. POSTEMPLOYMENT BENEFITS

The Academy provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio), and to retired non-certified employees and their dependents through the 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, 2008, 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 2008.

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 2008, the minimum pay was established at $14,062. For the Academy, the amount contributed to fund health care benefits, including the surcharge, during the 2008 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.

10. POSTEMPLOYMENT BENEFITS (Continued)

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.

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. The liability for benefits accrued at June 30, 2008 was a total amount of $33,023.75.

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.

12. OPERATING LEASE

The Academy is currently committed under four non-cancelable leases with Sun Building Partners Ltd, specifically for the use or 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 $867,560 during the current school period ending June 30, 2008. 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.

10. OPERATING LEASE (Continued)

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	396,000	126,575	164,265	30,000	237,699	954,539
Total	$ 792,000	$ 253,150	$ 328,530	$ 60,000	$ 475,398	$ 1,909,078
	========	========	=======	=======	========	========

13. 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, 2008.

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 2008 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 undetermined but in any instance would not have material impact on financial statements ending June 30, 2008.

14. RELATED PARTY TRANSACTIONS

The Academy paid $233,550 in custodial and maintenance services to CEED during fiscal year 2008. Clyde Lee, husband to the Superintendent, received payments in the amount of $84,518 as an independent contractor for services of contract and construction coordination related to leasehold improvements necessary for building development and expansion.

15. PURCHASED SERVICES

For the year ended June 30, 2008, purchased service expenses were comprised of the following:

School Site Lease	$896,953
Property Insurance	39,447
Utilities	124,899
Staff Development	34,668
Legal Fees	13,493
Accounting Fees	29,400
Student Testing	24,180
Special Ed. Consultant	2,014
Payroll Processing	7,821
Security Service	24,517
Internet Service	43,880
Copier Maintenance	20,345
Project Management	84,518
Student Transportation	8,213
Communications	102,544
Postage	4,979
Real Estate Tax	29,393
Janitorial Service	247,112
Repair & Maintenance	17,968
State Software (EMIS)	10,283
Advertising	6,512
Textbooks	27,905
Equipment	27,394
All Other	25,048
Total	$1,853,486

16. OTHER EXPENSES

For the year ended June 30, 2008, Other Expense composition was:

Sponsor Fee	$ 132,183
School Audit	16,407
Student Activities	16,473
All Other	2,062
Total	$167,125

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VALUE LEARNING AND TEACHING ACADEMY
HAMILTON COUNTY

FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2008

FEDERAL GRANTOR ***Pass Through Grantor*** Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Ohio Department of Education				
Nutrition Cluster				
National School Lunch Program	LL-P4	10.555	$222,133	$222,133
National School Breakfast Program	LL-P4	10.553	11,013	11,013
Total U.S. Department of Agriculture			**233,146**	**233,146**
U.S. DEPARTMENT OF EDUCATION				
Passed Through Ohio Department of Education				
Charter Schools	CH-S1	84.282	150,000	174,400
Title IV - Drug Free Schools	DR-S1	84.186	6,827	6,827
Title II-D - Education Technology	TJ-S1	84.318	5,675	5,675
Title II-A Improving Teacher Quality	TR-S1	84.367	23,549	21,935
Title V - Innovative Education	C2-S1	84.298	2,853	2,853
IDEA B - Special Education	6B-SF	84.027	106,974	106,974
Title I	C1-S1	84.010	513,049	512,137
Total U.S. Department of Education			**808,927**	**830,801**
Total			**$1,042,073**	**$1,063,947**

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, 2008

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.

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 financial statements of Value Learning and Teaching Academy, Hamilton County, Ohio (the Academy), as of and for the year ended June 30, 2008, 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 expressing our opinion on the financial statements, but not to opine on the effectiveness of the Academy's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Academy's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Academy's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Academy's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

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

Our consideration of 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. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We also noted certain internal control matters that we reported to the Academy's management in a separate letter dated December 15, 2010.

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

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

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, 2008. 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, 2008.

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.

Corporate Centre of Blue Ash / 11117 Kenwood Rd. / Blue Ash, OH 45242
Telephone: (513) 361-8550 (800) 368-7419 Fax: (513) 361-8577
www.auditor.state.oh.us

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

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, 2008

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	**Unqualified**
(d)(1)(ii)	**Were there any material control weaknesses reported at the financial statement level (GAGAS)?**	**No**
(d)(1)(ii)	**Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	**No**
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	**No**
(d)(1)(iv)	**Were there any material internal control weaknesses reported for major federal programs?**	**No**
(d)(1)(iv)	**Were there any other significant deficiencies in internal control reported for major federal programs?**	**No**
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	**Unqualified**
(d)(1)(vi)	**Are there any reportable findings under § .510?**	**No**
(d)(1)(vii)	**Major Programs (list):**	CFDA 10.555/10.553 Nutrition Cluster CFDA 84.010 Title I
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 300,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee?**	**No**

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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VALUE LEARNING AND TEACHING ACADEMY
HAMILTON COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
JUNE 30, 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; **Explain**
2007-001	Inadequate Supporting Documentation for Certain Expenditures	Yes	
2007-002	Failure to Maintain an Adequate Property Management System	Yes	
2007-003	Not Reporting Additional Compensation to the Internal Revenue Service Regulation (26 CFR) Section 1.6041-1	Yes	
2007-004	Lack of Segregation of Duties	Yes	
2007-005	Potential Conflict of Interest	Yes	
2007-006	Failure to file annual GAAP basis financial report	Yes	
2007-007	Allocation of Training Costs to the Title I Award	Yes	
2007-008	Inadequate Property Management System	Yes	
2007-009	Inadequate Procurement Procedures	Yes	
2007-010	Cash Management	Yes	
2007-011	Failure to Request an Extension from the Federal Oversight Agency for Filing the Single Audit	Yes	

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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

88 E. Broad St. / Fourth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us