Peterson Entrepreneurial Training Enterprise

Montgomery County

Regular Audit

July 1, 2007 through June 30, 2008

Fiscal Year Audited Under GAGAS: 2008

CAUDILL & ASSOCIATES, CPA's
725 5th Street
Portsmouth, Ohio 45662

Mary Taylor, CPA
Auditor of State

Board of Directors
Peterson Entrepreneurial Training Enterprise Community School
One Elizabeth Place
Dayton, Ohio 45408

We have reviewed the *Independent Auditor's Report* of the Peterson Entrepreneurial Training Enterprise Community School, Montgomery County, prepared by Caudill & Associates, CPA's, for the audit period July 1, 2007 through June 30, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

November 16, 2009

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Peterson Entrepreneurial Training Enterprise
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For the Fiscal Year Ended June 30, 2008

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CAUDILL & ASSOCIATES, CPA's
725 5th Street
Portsmouth, Ohio 45662

Member American Institute of Certified Public Accountants
Member Ohio Society of Certified Public Accountants
Member Kentucky Society of Certified Public Accountants

Independent Auditor's Report

Peterson Entrepreneurial Training Enterprise
Montgomery County
One Elizabeth Place
Dayton, Ohio 45408

To the Board of Directors:

We have audited the accompanying financial statements of the business-type activities of Peterson Entrepreneurial Training Enterprise, Montgomery County, (the School), as of and for the year ended June 30, 2008, which collectively comprise the School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in the following paragraph, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

There was insufficient evidence regarding expenditures, capital assets, intergovernmental payables, accrued wages and benefits and accounts payable during the audit period. We were unable to satisfy ourselves about expenditures, capital assets, intergovernmental payables, accrued wages and benefits and accounts payable by means of other auditing procedures. Also, we did not obtain attorney letters from the school's management.

In our opinion, except for the effects of audit adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves about expenditures, capital assets, intergovernmental payables, accrued wages and benefits, accounts payable and obtaining an attorney letter from the school's management, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business type activities of the School, as of June 30, 2008, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming the School will continue as a going concern. As discussed in Note 15 to the financial statements, the School has incurred deficit spending and maintains a deficit balance that raises substantial doubt about its ability to continue as a going concern. Management's plans in regards to these matters are also described in Note 15. The financial statements do not include any adjustments that might result from the outcome of this uncertainly.

In accordance with *Government Auditing Standards,* we have also issued our report dated March 31, 2009, on our consideration of the School'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* and should be read in conjunction with this report in considering the results or our audit.

Board of Directors
Peterson Entrepreneurial Training Enterprise
Independent Auditor's Report

The Management's Discussion and Analysis on pages 3 through 6 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Caudill & Associates, CPA's

Caudill & Associates, CPA's
March 31, 2009

The management discussion and analysis of the Peterson Entrepreneurial Training Enterprise Community School's financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the School'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 School's financial performance.

Financial Highlights

- The School had net assets of ($42,225) at June 30, 2008.
- Total assets at fiscal year-end were $139,525 and total liabilities were $181,750.
- The School had operating revenues for fiscal year 2008 of $1,366,472 and operating expenses of $1,554,010.

Using this Financial Report

This annual report consists of a series of financial statements and notes to those statements.

The statement of net assets and the statement of revenues, expenses, and change in net assets reflect how the School did financially during fiscal year 2008. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal years' revenues and expenses regardless of when cash is received or paid.

These statements report the School's net assets and change in those assets. This change in net assets is important because it tells the reader whether the financial position of the School has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating.

Table 1 provides a summary of the School's net assets for fiscal years 2007 and 2008.

(Table 1)
Net Assets

	2007	2008	Change
Assets			
Current Assets	$ 74,698	$ 21,020	$ (53,678)
Capital Assets, Net	147,405	118,505	(28,900)
Total Assets	222,103	139,525	(82,578)
Liabilities			
Current Liabilities	213,291	176,437	36,854
Non-Current Liabilities	8,571	5,313	3,258
Total Liabilities	221,862	181,750	40,112
Net Assets			
Invested in Capital Assets	138,834	113,192	(25,642)
Unrestricted	(138,593)	(155,417)	(16,824)
Total Net Assets	$ 241	$ (42,225)	$ (42,466)

Current assets decreased $53,678, as cash equivalents were used to pay outstanding vendors. An increase in revenue, due to an increase in enrollment, allowed the School to make these payments. Total liabilities decreased $40,112 due, primarily because of efforts of the School to manage expenses. Total net assets decreased $42,466.

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Table 2 shows the changes in net assets for fiscal years 2007 and 2008.

(Table 2)
Change in Net Assets

	2007	2008	Change
Operating Revenues			
State Foundation	$ 1,140,414	$ 1,341,291	$ 200,877
Poverty Based Assistance	86,682	25,181	(61,501)
Total Operating Revenues	1,227,096	1,366,472	139,376
Non-Operating Revenues:			
Federal and State Grants	63,615	141,095	77,480
Interest	449	657	208
Gifts and Donations	1,029	4,142	3,113
Total Non-Operating Revenues	65,093	145,894	80,801
Total Revenues	1,292,189	1,512,366	220,177
Operating Expenses			
Salaries	454,016	622,868	168,852
Fringe Benefits	105,555	183,323	77,768
Purchased Services	693,276	512,962	(180,314)
Rent	108,727	150,025	41,298
Materials and Supplies	57,369	55,932	(1,437)
Depreciation	17,097	28,900	11,803
Total Operating Expenses	1,436,040	1,554,010	117,970
Non-Operating Expenses:			
Interest	869	822	(47)
Total Non-Operating Expenses	869	822	(47)
Total Expenses	1,436,909	1,554,832	117,923
Change in Net Asssets	(144,720)	(42,466)	102,254
Net Assets at Beginning of Year	144,961	241	(144,720)
Net Assets at End of Year	$ 241	$ (42,225)	$ (42,466)

There was an increase in revenues of $220,177 and an increase in expenses of $117,923 from fiscal year 2007. Of the increase in revenues, State foundation money increased by $200,877 due to increased enrollment in fiscal year 2008. Federal and state grant revenue increased $77,480.

Salaries and benefits increased by $246,620 from fiscal year 2007 due mainly to the increased number of personnel. An offset to Salaries and Benefits is from Purchased services which decreased $180,314 from prior year. These variances were both due to the school's willingness to increase educational services to meet the needs of a growing student population and to streamline expenses. Rent expense increased by $41,298, as compared to fiscal year 2007.

Capital Assets

At the end of fiscal year 2008, the School had $118,505, invested in furniture, equipment, vehicles and leasehold improvements. Table 3 shows fiscal year 2008.

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

	2008
Furniture and Equipment	$ 26,000
Vehicles	2,102
Leasehold Improvements	90,403
Totals	$ 118,505

Debt Administration

The School does not have any outstanding debt at June 30, 2008.

Contacting the School's Financial Management

This financial report is designed to provide our citizens with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional information, contact Carl Shye, Treasurer at Peterson Entrepreneurial Training Enterprise Community School, One Elizabeth Place, Dayton, Ohio 45408.

PETERSON ENTREPRENEURIAL TRAINING ENTERPRISE
STATEMENT OF NET ASSETS
JUNE 30, 2008

Assets	
Current Assets:	
Cash and Cash Equivalents	$ 15,256
Intergovernmental Receivable	5,764
Total Current Assets	21,020
Non-Current Assets:	
Capital Assets:	
Depreciable Capital Assets, Net	118,505
Total Assets	139,525
Liabilities	
Current Liabilities:	
Accounts Payable	124,644
Accrued Wages and Benefits	3,258
Intergovernmental Payable	48,535
Total Current Liabilities	176,437
Non-Current Liabilities:	
Lease Payable	5,313
Total Non-Current Liabilities	5,313
Total Liabilities	181,750
Net Assets	
Invested in Capital Assets	113,192
Unrestricted	(155,417)
Total Net Assets	($42,225)

See accompanying notes to the basic financial statements

PETERSON ENTREPRENEURIAL TRAINING ENTERPRISE
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Operating Revenues:	
State Foundation	$1,341,291
Poverty Based Assistance	25,181
Total Operating Revenues	1,366,472
Operating Expenses:	
Salaries	622,868
Fringe Benefits	183,323
Purchased Services	512,962
Rent	150,025
Materials and Supplies	55,932
Depreciation	28,900
Total Operating Expenses	1,554,010
Operating Income	(187,538)
Non-Operating Revenues/(Expenses):	
Federal and State Grants	141,095
Gifts and Donations	4,142
Interest	657
Interest Expenses	(822)
Total Non-Operating Revenues	145,072
Change in Net Assets	(42,466)
Net Assets (Deficit) at Beginning of Year	241
Net Assets at End of Year	($42,225)

See accompanying notes to the basic financial statements

PETERSON ENTREPRENEURIAL TRAINING ENTERPRISE
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Increase (Decrease) in Cash and Cash Equivalents:	
Cash Flows Provided by Operating Activities:	
Cash Received from State of Ohio	$1,380,925
Cash Payments to Employees for Services	($839,832)
Cash Payments to Suppliers for Goods and Services	(722,132)
Net Cash Used In Operating Activities	(181,039)
Cash Flows from Noncapital Financing Activities:	
Federal and State Grants Received	141,095
Gifts and Donations	4,142
Net Cash Provided by Noncapital Financing Activities	145,237
Cash Flows for Capital Financing Activities:	
Principal payment on capital lease	(3,258)
Net Cash Used for Noncapital Financing Activities	(3,258)
Cash Flows for Investing Activities:	
Interest Income/(Payments)	657
Interest Expenses	(822)
Net Cash used in investing Activities	(165)
Net decrease in Cash and Cash Equivalents	(39,225)
Cash and Cash Equivalents at Beginning of Year	54,481
Cash and Cash Equivalents at End of Year	$15,256
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	($187,538)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	28,900
Changes in Assets and Liabilities:	
Decrease in Intergovernmental Receivable	14,453
Decrease in Accounts Payable	(3,213)
Decrease in Accrued Wages and Benefits Payable	(28,478)
Decrease in Intergovernmental Payable	(5,163)
Total Adjustments	6,499
Net Cash Used In Operating Activities	($181,039)

See accompanying notes to the basic financial statements

NOTE 1 – DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

The Peterson Entrepreneurial Training Enterprise Community School (the "School") is an Ohio Public Benefit Corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702 to address the needs of students in grades 9 through 12. The School, 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 School may sue and be sued, acquire facilities as needed and contract for any services necessary for the operation of the School.

The School is a non-profit organization that has been determined by the Internal Revenue Service to be exempt from federal income taxes as a tax exempt organization under Section 501(C)(3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect the School's tax exempt status.

The School was approved for operation under contract with Educational Resource Consultants of Ohio (the Sponsor) commencing August 1, 2005 and ending June 30, 2009. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration. The School contracted with Educational Management Alliance to perform extended educational services. One member of Educational Management Alliance also serves as the School's Superintendent. Related party transactions are further discussed in Note 12 to the basic financial statements.

The School operates under the direction of a four-member Governing Board. The School and the ARISE Sport Management Academy Community School share the same governing board. The Board 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 primary government of the School consists of one fund, several departments and the Board. School programs include general operations and student related activities of the School. The School is associated with the Metropolitan Dayton Educational Cooperative Association, which is defined as a jointly governed organization. It is a computer consortium of area schools sharing computer resources. (See Note 13)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis Of Presentation

The School's basic financial statements consist of a statement of net assets, a statement of revenues, expenses and changes in net assets, and a statement of cash flows.

The School uses a single enterprise fund to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Enterprise fund reporting focuses on the determination of the change in net assets, financial positions and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

B. Measurement Focus

The accounting and financial reporting treatment of an entity's financial transactions is determined by the entity's measurement focus. The enterprise activity is accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the School are included on the statement of net assets. The statement of revenues, expenses, and changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net assets. The statement of cash flows provides information about how the School finances and meets the cash flow needs.

C. Basis of Accounting

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

D. Revenues – Exchange and Non-exchange Transactions

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Expenses

Expenses are recognized at the time they are incurred.

F. Cash and Cash Equivalents

All monies received by the School are maintained in demand deposit accounts. All funds of the School are maintained in these accounts. Total cash is presented as "Cash and Cash Equivalents" on the accompanying statement of net assets.

G. Capital Assets

Capital assets are capitalized at cost or estimated historical cost (which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The School maintains a capitalization threshold of one thousand dollars. The School does not possess any infrastructure. Per the policy at the School, no depreciation is taken in the fiscal year of acquisition. 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 capitalized.

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

Furniture and Equipment	5-30 years
Vehicles	5-10 years
Leasehold Improvements	15 years

H. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to service already rendered and it is probable that the School will compensate the employees for the benefits through paid time off or some other means. The School records a liability for accumulated unused vacation time when earned for all eligible employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year-end, taking into consideration any limits specified in the School's termination policy. The School records a liability for accumulated unused sick leave for all employees with ten years of current service for all positions (including certified and non-certified staff). Since the School has not been in operation for ten years, there is no sick leave benefits liability.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Net Assets

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

The government-wide statement of net assets reports no restricted net assets.

J. Operating Revenues and Expenses

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

K. Intergovernmental Revenues

The School currently participates in the State Foundation Program and the State Special Education Program. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met. Eligibility requirements include timing requirements which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements in which the School must provide local resources to be used for a specified purpose and expenditure requirements in which the resources are provided to the School on a reimbursement basis.

The amount of these grants is directly related to the number of students enrolled in the School. The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the School. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which State foundation funding is calculated. The review identified an underpayment of $5,764 to the School for fiscal year 2008.

The remaining grants and entitlements received by the School are recognized as non-operating revenues in the accounting period in which eligibility requirements have been met.

L. Estimates

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. 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 School and its sponsor. The contract agreement between the School and its Sponsor does not prescribe a budgetary process for the School.

NOTE 3 – DEPOSITS

Custodial credit risk for deposits is the risk that in the event of bank failure, the School will not be able to recover deposits or collateral securities that are in the possession of an outside party. The carrying value of the School's deposits totaled $15,256 and the bank balance totaled $22,329, all of which was covered by federal depository insurance; therefore there is no custodial credit risk.

The School has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

NOTE 4 – RECEIVABLES

Receivables at June 30, 2008, consisted of intergovernmental (Federal and State grants). All receivables are considered collectible in full and will be received within one year.

A summary of the principal items of intergovernmental receivables follows:

Intergovernmental Receivable	
State Foundation Receivable	5,764
Total Intergovernmental Receivable	$ 5,764

NOTE 5 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2008:

	Balance 07/01/07	Additions	Deletions	Balance 06/30/08
Capital Assets Being Depreciated:				
Leasehold Improvement	$ 30,000	$ -	$ -	$ 30,000
Furniture and Equipment	130,998	-	-	130,998
Vehicles	3,504	-	-	3,504
Total Capital Assets Being Depreciated	164,502	-	-	164,502
Less Accumulated Depreciation:				
Leasehold Improvement	(2,000)	(2,000)	-	(4,000)
Furniture and Equipment	(14,396)	(26,199)	-	(40,595)
Vehicles	(701)	(701)	-	(1,402)
Total Accumulated Depreciation	(17,097)	(28,900)	-	(45,997)
Total Capital Assets Being Depreciated, Net	$ 147,405	$ (28,900)	$ -	$ 118,505

NOTE 6 - RISK MANAGEMENT

A. Property and Liability

The School 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. Buildings and contents are covered under Westfield Insurance Company with a $1,000 deductible. Electronic data processing equipment is covered under Westfield Insurance Company with a $1,000 deductible. The School carries liability insurance with Westfield Insurance Company of $1,000,000 single occurrence and $2,000,000 aggregate.

There have been no significant reductions in insurance coverage from the last fiscal year. Settled claims have not exceeded insurance coverage for the past two fiscal years.

B. Workers' Compensation

The School pays the State Workers' Compensation System a premium for employee injury coverage. The premium is calculated by multiplying annual gross payroll by a factor calculated by the State.

NOTE 7 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School 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, by calling (800) 878-5853 or by visiting the SERS website at www.ohsers.org.

Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute at an actuarially determined rate. The current School rate is 14 percent of annual covered payroll. A portion of the School'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 School's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were $32,902, $12,560 and $6,146 respectively; 100 percent has been contributed for fiscal year 2008, 2007 and fiscal year 2006.

B. State Teachers Retirement System of Ohio

The School 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, by calling (614) 227-4090, or by visiting the STRS Ohio website at www.strsoh.org.

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.

NOTE 7 - DEFINED BENEFIT PENSION PLANS (continued)

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

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

For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salaries. The School was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2008, the portion used to fund pension obligations was also 13 percent. 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 School's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007 and 2006 were $59,976, $56,029 and $26,643 respectively; 100 percent has been contributed for fiscal years 2008, 2007 and 2006. Contributions to the DC and Combined Plans for fiscal year 2008 were $2,647 by the School and $2,521 made by the plan members.

NOTE 8 – POSTEMPLOYEMENT BENEFITS

The School 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 partial reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

All STRS Ohio retirees who participated in the DB or Combined Plans and their 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. All benefit recipients pay a portion of the health care cost in the form of a monthly premium.

NOTE 8 – POSTEMPLOYEMENT BENEFITS (Continued)

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 one percent of covered payroll to the Health Care Stabilization Fund. For the School, this amount equaled $3.841 for fiscal year 2008.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2008 the balance in the Fund was $4.1 billion. For the fiscal year ended June 30, 2008 net health care costs paid by STRS Ohio were $540,493,000 and STRS Ohio had 126,506 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility, and retirement status. Premiums may be reduced for retirees whose household income falls below the poverty level.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2007 employer contributions to fund health care benefits were 3.42 percent of covered payroll, compared to 3.43 percent of covered payroll for fiscal year 2007. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2007 the minimum pay was established at $35,800. However, the surcharge is capped at two percent of each employer's SERS salaries. For the School, the amount contributed to fund healthcare benefits, including the surcharge, during the 2008 fiscal year equaled $3,605.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual healthcare expenses. Expenses for health care for the fiscal year ended June 30, 2008 were $228,439,270. At June 30, 2008 SERS had net assets available for payment of health care benefits of $392.6 million. SERS has 76,075 participants eligible to receive health care benefits.

NOTE 9 – EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining sick leave components are derived from State Laws. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 120 days. Upon retirement, payment is made for one-fourth of the total accumulated and unused sick leave credit, up to a maximum of 120 days for employees.

NOTE 9 – EMPLOYEE BENEFITS (Continued)

B. Medical, Dental, and Vision Benefits

The School offers medical insurance through Anthem Blue Cross Blue Shield to full-time employees. The contribution to the monthly premium for medical insurance shall be 20% paid by the staff member and 80% paid by the Board. Monthly premiums for the medical insurance are the following:

Type of Coverage	Premium
Single	$ 279
Enrollee plus spouse	$ 606
Enrollee plus children	$ 515
Family	$ 898

NOTE 10 – OPERATING LEASE

The School subleases two office facilities from RNS Equities, LLC for school space located at One Elizabeth Place, Dayton Ohio.

The term of the first lease began September 1, 2006 and continues through August 31, 2020. The lease payment is $9,200 per month and an additional $506 per month starting March 6, 2008 for a 60 month period to cover tenant improvement costs. Base rent shall increase at the rate of $.50 per rentable square foot each year.

The term of the second lease began October 15, 2008 and continued through August 31, 2021. The lease payment is $7,938 per month. Base rent shall increase at the rate of $.50 per rentable square foot each year.

Monthly rental payment is equally shared between the School and Peterson Entrepreneurial Training Enterprise. For fiscal year 2008 through 2021, minimum rental payments for the School are as follows:

Fiscal Year	Amount
2009	115,909
2010	119,973
2011	123,025
2012	125,065
2013	127,105
2014-2018	720,017
2019-2021	524,220
	$1,855,314

NOTE 11 – CONTINGENCIES

A. Grants

The School received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the School. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School at June 30, 2008.

B. State Funding

The Ohio Department of Education conducts reviews of enrollment data and full time equivalency (FTE) calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data of the State, upon which State foundation funding is calculated. This adjustment resulted in a receivable of $5,764 for fiscal year 2008.

C. Litigation

A suit was filled in the US District Court, Southern District of Ohio, Western Division on October 6, 2004, which challenges the funding of charter schools under Equal Protection, Due Process, and claims violation of the right to vote on the bodies administering public schools. The case is still pending. The effect of this suit, if any, on the School is not presently determinable.

NOTE 12 – RELATED PARTY TRANSACTIONS

The School contracted with Education Management Alliance (EMA) to perform extended educational services. One member of EMA also served as the School's Superintendent. Total payments made for these services during the fiscal year ended June 30, 2008 were $49,488.

The Governing Board of the School is the same Governing Board as ARISE Sports Management Academy, with which it shares operating facilities and the related lease. (See Note 10).

Eaton Computer Company provides technical services and supplies to the School. The owner of the company became a member of the Governing Board beginning July 1, 2005. Total payments made for these services during the fiscal year ended June 30, 2008 were $34,833.

The School leases its building from RNS Equities, LLC. One of the partners of the company became a member of the Governing Board beginning July 1, 2006. (See Note 10).

NOTE 13 - JOINTLY GOVERNED ORGANIZATION

Metropolitan Dayton Educational Cooperative Association - The School is a participant in the Metropolitan Dayton Educational Cooperative Association (MDECA) which is a computer consortium. MDECA is an association of public school districts within the boundaries of Montgomery, Miami and Darke Counties and the Cities of Dayton, Troy and Greenville. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

The governing board of MDECA consists of seven Superintendents of member school districts, with six of the Superintendents elected by majority vote of all member school districts except Montgomery County Educational Service Center. The seventh Superintendent is from the Montgomery County Educational Service Center. The School paid MDECA $13,022 for services provided during the fiscal year. Financial information can be obtained from Jerry Woodyard, who serves as Director, at 225 Linwood Street, Dayton, Ohio 45405.

NOTE 14 - COMPLIANCE

Contrary to Ohio Rev. Code Section 117.38 the School's Fiscal Year 2008 report was not filed with the Auditor of State on time, and no notice of availability of the financial report was published.

Contrary to Ohio Rev. Code Section 4123.25, the School did not present documentation for Bureau of Worker's Compensation.

Contrary to Ohio Rev. Code Section 3313.64(J), the School failed to provide documentation for student listings.

NOTE 15 – MANAGEMENT'S PLAN REGRADING DEFICIT

The School operated with significant deficit spending (disbursements over receipts) during fiscal year 2008 in the amount of ($42,225). At June 30, 2008 the School's operating deficit was ($187,538). The Board of Directors has discussed plans pertaining to streamlining expenses and increasing enrollment. The decrease in expenses and increase in enrollment will offset the deficit balance and increase net assets.

NOTE 16 – LONG-TERM LIABILITIES – CAPITAL LEASE

The School entered into a non-cancelable lease agreement with Com Doc Inc. for office equipments. The lease is classified as a capital lease that expires in 2010. The equipments are equally shared with the Arise Sports Management Academy as well as the lease payments.

The equipments under capital lease total $23,258 at June 30, 2008.

Future minimum lease payments under capital leases for the School are as follows:

Year Ending June 30	
2009	3,510
2010	3,510
2011	168
Total minimum lease payments	7,188
Less executory costs and related profit	-
Net minimum lease payments	7,188
Less amount representing interest	1,875
Present value of minimum lease payments	5,313

CAUDILL & ASSOCIATES, CPA's
725 5th Street
Portsmouth, Ohio 45662

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Peterson Entrepreneurial Training Enterprise
Montgomery County
One Elizabeth Place
Dayton, Ohio 45408

To the Board of Directors:

We have audited the financial statements of Peterson Entrepreneurial Training Enterprise, Montgomery, Ohio (the School) as of and for the year ended June 30, 2008, which collectively comprise the School's basic financial statements and have issued our report thereon dated March 31, 2009, which was qualified for lack of evidential matter regarding expenditures, capital assets, intergovernmental payables, accrued wages and benefits, accounts payable and obtaining an attorney letter from school management for fiscal year 2008. As well, we also noted that there was substantial doubt about its ability to continue as a going concern. Except for the scope limitations described above, we conducted our audit with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School's ability to initiate, authorize, record, process, or report financial data reliably in accordance with *Generally Accepted Accounting Principles*, such that there is more than a remote likelihood that a misstatement of the School's financial statements that is more than inconsequential will not be prevented or detected by the School's internal control. The results of our tests disclosed eight instances of significant internal control deficiencies that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2008-002, 2008-003, 2008-004, 2008-005, 2008-006, 2008-007, 2008-008, and 2008-009.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We consider the following deficiencies described in the, accompanying schedule of findings and responses to be material weaknesses in internal controls over financial reporting as items 2008-003, 2008-007, 2008-008 and 2008-009.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financials statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed three instances of noncompliance or other matters are required to be reported under *Government Auditing Standards,* which are described in the accompanying schedule of findings and responses as items 2008-001, 2008-002 and 2008-003.

We noted certain other matters that we reported to the School's management in a separate letter dated March 31, 2009.

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

This report is intended solely for the information and use of management, Board members, School's sponsor and the Ohio Department of Education, and is not intended to be and should not be used by anyone other than these specified parties.

Caudill & Associates, CPA's

Caudill & Associates, CPA's

March 31, 2009

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

Finding No.2008-001
Noncompliance Citation – Failure to file annual report in accordance with ORC Section 117.38

Financial information is vital to an organization's management in its continual effort to effectively make decisions to guide the organization. It is also important for management to receive timely feedback on the reliability of financial information summarized in the financial statements, notes to the financial statements, and the schedules used to make these management decisions.

The Ohio Revised Code Section 117.38 mandates that GAAP-basis entities must file their reports with the Auditor of State within 150 days of the entity's end of the year. In addition, the public office must publish a notice in a local newspaper stating the financial report is available for public inspection at the office of the chief fiscal officer.

The School's Fiscal Year 2008 report was not filed with the Auditor of State on time, and no notice of availability of the financial report was published.

Client Response:

The School will make efforts to ensure compliance will be met.

Finding No.2008-002
Non-Compliance/Significant Internal Control Deficiency – Payroll Records

Documentation of coverage under the Bureau of Worker's Compensation was not presented for audit.

Ohio Revised Code 4123.25 states that no employer shall knowingly misrepresent to the Bureau of Worker's Compensation the amount of classification of payroll upon which the premium under this chapter is based. Whoever violates this division shall be liable to the state in an amount determined by the administrator of worker's compensation for not more than ten times the amount of the difference between the premium paid and the amount the employer should have paid. The liability to the state under this division may be enforced in a civil action in the name of the state, and all sums collected under this division shall be paid into the state insurance fund.

The School should process the Bureau of Worker's Compensation reports in an accurate and timely manner based on the payroll expenditures and proper job classifications.

Client Response:

The School will make efforts to ensure all Bureau of Worker's Compensation reports are accurately completed and maintained.

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (CONT'D)

Finding No.2008-003
Noncompliance Citation/Significant Internal Control Deficiency/Material Weakness – Failure to provide documentation for student listing.

Ohio Rev. Code Section 3313.64(J) states that the Treasurer of each school district shall, by the fifteenth day of January and July, furnish the superintendent of public instruction a report listing the names of each child in the permanent or legal custody of a government agency or person other than the child's parent and each child who resides in a home, who attended the district's schools during the preceding six calendar months. For each child, the report shall state the duration of attendance of that child, the school responsible for tuition on behalf of the child, and any other information that the superintendent requires. Upon receipt of this report, the superintendent shall deduct each district's tuition obligations and pay to the district of attendance that amount plus any amount requires to be paid by the state.

The School presented no documentation to support the student listing as required by Ohio Rev. Code Section 3313.64(J).

The School failing to present the adequate reports to substantiate the student listing results in being non-compliant with Ohio Rev. Code Section 3313.64(J).

The School should ensure that the required documents are prepared and filed timely and presented to the auditors and Federal and State Regulatory bodies upon request.

Client Response:

The School will make efforts to ensure compliance will be met.

Finding No.2008-004
Significant Internal Control Deficiency – Failure to obtain and maintain employee contracts

Contracts for four School employees were not provided for audit. Contracts for five additional employees were not properly signed by both the employee and School administration.

The hiring of all School employees should be approved by the governing board and recorded in the board minutes. Salary rate and period of employment should also be included. Additionally, employment contracts should be prepared and signed by the employee and the appropriate School officials.

Without properly executed agreements, incorrect payment could result.

The School should develop and implement procedures to ensure all employees are approved by the Board, prior to beginning work, and formal contracts, including salary rates and other expectations, are prepared and signed by both employee and School officials.

Client Response:

The School will ensure employee contracts are obtained and maintained as appropriate in the future.

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (CONT'D)

Finding No.2008-005
Significant Internal Control Deficiency – Failure to maintain a capital asset listing

Adequate capital assets inventory and listing is a key control in the School's ability to determine if capital assets are purchased and maintained for their intended use. A complete capital asset listing should be maintained at all time, updated by additions to and disposals of capital assets.

Without proper capital assets listing, the School's capital assets will be difficult to monitor, and this could result in the misappropriation of the School's fixed assets.

The School should take steps to insure a complete listing of capital assets is in place and is monitored by appropriate personnel.

Client Response:

The School will ensure capital assets inventory is performed and that a listing of capital assets is maintained.

Finding No.2008-006
Significant Internal Control Deficiency – Failure to develop and maintain organizational budget

Development of an operational budget, including the periodic analysis of variances, is an important tool in helping to promote organizational efficiency and effectiveness. Variance analysis helps to identify performance issues in a timely manner and also helps ensure financial statements are fairly stated.

The School's sponsor requires the school to approve a budget each year. However, the budget has not been monitored on a regular basis.

The School should develop and adopt an operational budget. Significant variances should be analyzed on a regular basis to help ensure School performance is aligned with stated goals and objectives.

Client Response:

The School will work towards developing an organization budget to help improve accountability.

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (CONT'D)

Finding No.2008-007
Significant Internal Control Deficiency/Material Weakness – Failure to maintain adequate supporting documentation for expenditures, Capital Assets, Intergovernmental Payables, Accrued Wages and Benefits and Accounts Payable

Adequate supporting documentation is a key control in the disbursement process to determine if expenditures are for their intended use. 27% of the disbursements tested did not adequate supporting documentation (invoice, receipts of payments or contractual agreements). As well, the School did not update or maintain intergovernmental payables or accrued wages and benefits, which could not be tested. In addition, 71% of accounts payable tested did not have adequate supporting documentation, such as invoices.

The lack of adequate supporting documentation could result in funds being spent on unauthorized purchases, incorrect amounts being paid, duplication of payments and payments made to fictitious vendors. As well, the lack of adequate supporting documentation for Capital Assets and Intergovernmental Payables could result in misrepresentation of the activities of the School.

The School should require original invoices or contractual agreements be submitted and attached to the voucher before payment is made. In addition, the School should ensure purchase orders are properly issued and approved prior to contracting or acquiring goods and services as required by the School's purchasing policy. Finally, the School should take necessary steps to properly record assets and liabilities to prevent misstatements of financial data.

Client Response:

The School had no response.

Finding No.2008-008
Significant Internal Control Deficiency/Material Weakness – Failure to properly record capital assets

Capital assets, capital leases, and leasehold improvements were not properly recorded in the School's financial system and, therefore, were not accounted for correctly on the School's financial statements. Additionally, depreciation expenses were not recorded per School policy.

Without the proper classification of assets and recording of depreciation expense, the School's financial statements will be misstated.

The School should review all equipment purchases, equipment lease agreements, and substantial improvements to the physical building to determine the proper classification. Properly accounting for, and reporting on, capital assets provides accountability as well as information for making key decisions related to asset maintenance and replacement.

Depreciation expense should be recorded on the financial statements, based on the useful life of the asset.

Client Response:

The School will review disbursements greater than $1,000 to properly record assets.

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (CONT'D)

Finding No.2008-009
Significant Internal Control Deficiency/Material Weakness – Failure to maintain adequate segregation of duties

Writing of checks, vendor and payroll, completion of cash reconciliations, and issuance of financial statements are being done by one individual, the Treasurer.

Adequate internal controls and control procedures over cash should be maintained to safeguard cash asset against waste, loss and misuse. Without proper controls, dishonesty or mistakes could go unnoticed. The School is accountable to the State of Ohio and their taxpayers to assure assets are protected.

The School should establish, implement, and monitor a system of internal controls to provide reasonable assurance cash is protected. The system should ensure duties are segregated with individual accountability established and maintained.

Client Response:

The School will implement compensation controls to increase internal control.

PETERSON ENTREPRENEURIAL TRAINING ENTERPRISE
MONTGOMERY COUNTY
JUNE 30, 2008

SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2007-001	Failure to file annual report	No	Reissued as finding # 2008-001
2007-002	Failure to obtain and maintain employee contracts	No	Reissued as finding # 2008-004
2007-003	Failure to maintain adequate supporting documentation for expenditures	No	Reissued as finding # 2008-007
2007-004	Failure to maintain a capital asset listing	No	Reissued as finding # 2008-005
2007-005	Failure to develop and maintain organizational budget	No	Reissued as finding # 2008-006
2007-006	Board approval of programs not required	Yes	N/A
2007-007	Failure to reconcile cash accounts	Yes	N/A
2007-008	Failure to properly record capital Assets	No	Reissued as finding # 2008-008
2007-009	Failure to properly record revenues	Yes	N/A
2007-010	Failure to maintain segregation of duties	No	Reissued as finding # 2008-009
2007-011	Failure to record accrued wages	No	Reissued as finding # 2008-007
2007-012	Failure to make required withholding tax payments	Yes	N/A
2007-013	Failure to properly make health insurance payments	Yes	N/A

Mary Taylor, CPA
Auditor of State

PETERSON ENTREPRENEURIAL TRAINING ENTERPRISE COMMUNITY SCHOOL

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
DECEMBER 1, 2009

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