Academy of Business and Technology, Lucas County

Financial Report

June 30, 2009

Mary Taylor, CPA
Auditor of State

Board of Directors
Academy of Business and Technology
2436 Parkwood Avenue
Toledo, Ohio 43620

We have reviewed the *Independent Auditor's Report* of the Academy of Business and Technology, Lucas County, prepared by Plante & Moran, PLLC, for the audit period July 1, 2008 through June 30, 2009. 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 Academy of Business and Technology is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 25, 2010

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Academy of Business and Technology, Lucas County

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Independent Auditor's Report

To the Board of Directors
Academy of Business and Technology,
Lucas County

We have audited the accompanying basic financial statements of the Academy of Business and Technology, Lucas County (the "Academy") as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the Academy's management. Our responsibility is to express an opinion 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 *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 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Academy of Business and Technology, Lucas County as of June 30, 2009 and the changes in its financial position and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Academy will continue as a going concern. As discussed in Note 3 to the financial statements, the Academy has suffered losses from operations and has a net asset deficiency. In addition, the State has issued guidance which may require the Academy to cease all operations. These events indicate a material uncertainty which may cast significant doubt on the Academy's ability to continue as a going concern, and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of operations. Management's plans regarding those matters also are described in Note 3. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

To the Board of Directors
Academy of Business and Technology,
Lucas County

In accordance with *Government Auditing Standards*, we have also issued a report dated March 29, 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, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide opinions on the internal control over financial reporting or on compliance. 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 assessing the results of our audit.

Management's discussion and analysis, as identified in the table of contents, is not a required part of the basic financial statements but is supplemental 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 the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Plante & Moran, PLLC

March 29, 2010

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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*

To the Board of Directors
Academy of Business and Technology,
Lucas County

We have audited the financial statements of the Academy of Business and Technology, Lucas County (the "Academy") as of and for the year ended June 30, 2009 and have issued our report thereon dated March 29, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. The accompanying financial statements have been prepared assuming that the Academy will continue as a going concern. As discussed in Note 3 to the financial statements, the Academy has suffered losses from operations and has a net asset deficiency. These events cause significant doubt about the Academy's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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 auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Academy of Business and Technology, Lucas County'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 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 entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results 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.

To the Board of Directors
Academy of Business and Technology,
Lucas County

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Academy's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*. According to State law, all teachers must be licensed by the state of Ohio. During our testing, we randomly selected one teacher and noted that she was not properly licensed. The Academy should make every effort to ensure that all teachers have obtained the proper licensure, in accordance with State laws.

This report is intended solely for the information and use of the board of directors, management, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

March 29, 2010

This section of the Academy of Business and Technology, Lucas County's (the "Academy") annual financial report presents our discussion and analysis of the Academy's financial performance during the year ended June 30, 2009. Please read it in conjunction with the Academy's financial statements, which immediately follow this section.

Using this Annual Report

This report consists of a series of financial statements and notes to the financial statements. These statements are organized so the reader can understand the Academy of Business and Technology, Lucas County financially as a whole.

Management's Discussion and Analysis (MD&A)
(Required Supplemental Information)

Basic Financial Statements
Statement of Net Assets (Deficit)
Statement of Revenues, Expenses, and Changes in Net Assets (Deficit)
Statement of Cash Flows
Notes to the Financial Statements

Reporting the Academy as a Whole - Academy-wide Financial Statements

One of the most important questions asked about the Academy is, "As a whole, what is the Academy's financial condition as a result of the year's activities?" The statement of net assets (deficit) and the statement of revenues, expenses, and changes in net assets (deficit), which appear first in the Academy's financial statements, report information on the Academy as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Academy's net assets - the difference between assets and liabilities, as reported in the statement of net assets (deficit) - as one way to measure the Academy's financial health or financial position. Over time, increases or decreases in the Academy's net assets - as reported in the statement of revenues, expenses, and changes in net assets (deficit) - are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the Academy's operating results. However, the Academy's goal is to provide services to its students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the Academy.

The statement of net assets (deficit) and the statement of revenues, expenses, and changes in net assets (deficit) report the activities for the Academy, which encompass all the Academy's services, including instruction, support services, community services, and food service. Unrestricted state aid and state and federal grants finance most of these activities.

Table 1 provides a summary of the Academy's net assets for fiscal years 2009 and 2008:

TABLE 1

	2009	2008
Assets		
Current and other assets	$ 906,541	$ 925,664
Capital assets	53,536	55,834
Total assets	960,077	981,498
Liabilities - Current liabilities	1,031,263	1,231,624
Net Assets (Deficit)		
Invested in capital assets	53,536	55,834
Unrestricted deficit	(124,722)	(305,960)
Total net assets	**$ (71,186)**	**$ (250,126)**

The above analysis focuses on the net assets (see Table 1). The change in net assets (deficit) of the Academy is discussed below (see Table 2). The Academy's deficit was $(71,186) at June 30, 2009. Capital assets recorded at historical cost, net of depreciation, totaled $53,536. No long-term debt was used to finance the acquisition of those assets. The remaining amount of deficit of $(124,722) was unrestricted.

The $(124,722) deficit in unrestricted net assets represents the accumulated results of the past year's operations. Since the unrestricted net assets balance is a deficit, the Academy has difficulty meeting its working capital and cash flow requirements. The liabilities of the Academy are financed through a balance owed to the management company. The operating results of the Academy will have a significant impact on the change in unrestricted net assets (deficit) from year to year.

The results of this year's operations for the Academy as a whole are reported in the statement of revenues, expenses, and changes in net assets (deficit), which shows the changes in net assets for fiscal years 2009 and 2008 (see Table 2).

TABLE 2

	2009	2008
Operating Revenues		
Foundation payments	$ 1,109,625	$ 828,262
Disadvantaged Pupil Impact Aid	395,004	477,554
Other	713	41,175
Nonoperating Revenues		
Federal grants	185,073	268,999
State grants	8,427	8,906
Total revenue	1,698,842	1,624,896
Operating Expenses		
Salaries	643,691	705,694
Fringe benefits	200,122	224,488
Purchased services	594,137	494,371
Materials and supplies	55,239	100,189
Depreciation	26,713	23,978
Total expenses	1,519,902	1,548,720
Increase in Net Assets	**$ 178,940**	**$ 76,176**

As reported in the statement of revenues, expenses, and changes in net assets (deficit), the cost of all of our activities this year was $1,519,902. Certain activities were funded by those who benefited from the programs, or by other governments and organizations that subsidized certain programs with grants and contributions. The Academy paid for the remaining public benefits portion of our business-type activities with $1,504,629 in state foundation and DPIA allowance.

The Academy experienced an increase in net assets of $178,940. The primary factor for that increase was the result of a decision to waive management, overhead, and rental fees payable to the Academy's management agent. The waiver of fees by the management agent was a critical component of a plan to eliminate the Academy's net asset deficit.

Capital Assets

As of June 30, 2009, the Academy had $833,507, before depreciation, invested in capital assets, including leasehold improvements, furniture, and equipment. This amount represents a net increase, including additions and disposals, of $24,415 for furniture and equipment. No debt was issued for these additions. No major capital projects are planned for the 2009-2010 fiscal year.

Capital assets, net of depreciation, for fiscal years 2009 and 2008 are as follows:

	2009	2008
Leasehold improvements	$ 16,115	$ 20,389
Furniture and equipment	37,421	35,445
Total capital assets	**$ 53,536**	**$ 55,834**

For more information on capital assets, see Note 6 to the basic financial statements.

Debt

At the end of fiscal year 2009, the Academy did not have any outstanding debt other than normal trade payables, which are recorded on an accrual basis. The majority of the trade payables is owed to the management company.

Economic Factors

The State Foundation revenue is determined based on the student count and the foundation allowance per pupil. Approximately 90 percent of revenue is from the foundation allowance. As a result, Academy funding is heavily dependent on the State's ability to fund local school operations. Since the Academy's revenue is heavily dependent on State funding and the health of the State's school aid, the actual revenue received depends on the State's ability to collect revenues. The impact on the Academy of the State's projected revenue is not known.

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 Andrew Burks, fiscal officer of the Academy of Business and Technology, Lucas County, Charter School Administration Services, 20820 Greenfield Road, Oak Park, Michigan, 48237 or1-800-425-1415.

Academy of Business and Technology

Statement of Net Assets (Deficit)
June 30, 2009

Assets		
Cash (Note 4)	$	600,979
Accounts receivable (Note 5)		152,415
Intergovernmental receivables (Note 5)		87,305
Prepaid items		65,842
Capital assets - Net of accumulated depreciation (Note 6)		53,536
Total assets		960,077
Liabilities - Current		
Accounts payable		743,838
Accrued wages and benefits		94,606
Other liabilities (Note 11)		192,819
Total liabilities		1,031,263
Net Assets (Deficit)		
Investment in capital assets		53,536
Unrestricted deficit		(124,722)
Total net deficit	**$**	**(71,186)**

See Notes to Financial Statements.

Academy of Business and Technology

Statement of Revenues, Expenses, and Changes in Net Assets (Deficit)
Year Ended June 30, 2009

Operating Revenues	
Foundation payments	$ 1,109,625
Disadvantaged Pupil Impact Aid	395,004
Other revenues	713
Total operating revenues	1,505,342
Operating Expenses	
Salaries	643,691
Fringe benefits	200,122
Purchased services (Note 15)	594,137
Materials and supplies	55,239
Depreciation	26,713
Total operating expenses	1,519,902
Operating Loss	(14,560)
Nonoperating Revenues - Grants received	
Federal	185,073
State	8,427
Total nonoperating revenues	193,500
Change in Net Assets (Deficit)	178,940
Net Assets (Deficit) - July 1, 2008	(250,126)
Net Assets (Deficit) - June 30, 2009	**$ (71,186)**

Academy of Business and Technology

Statement of Cash Flows
Year Ended June 30, 2009

Cash Flows from Operating Activities	
Foundation payments	$ 1,109,625
Disadvantaged Pupil Impact Aid	395,004
Other revenues	713
Payments to suppliers for goods and services	(319,120)
Payments to employees for services	(647,468)
Payments for employee benefits	(211,102)
Net cash provided by operating activities	327,652
Cash Flows from Noncapital Financing Activities - Grants received	
Federal	191,389
State	8,427
Net cash provided by noncapital financing activities	199,816
Cash Flows from Capital and Related Financing Activities - Payments for capital acquisitions	(24,415)
Net Increase in Cash	503,053
Cash - Beginning of year	97,926
Cash - End of year	**$ 600,979**
Reconciliation of Operating Loss to Net Cash from Operating Activities	
Operating loss	$ (14,560)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation	26,713
Changes in assets and liabilities:	
Decrease in accounts receivable	531,163
Increase in prepaid items	(15,303)
Decrease in accounts payable	(75,449)
Decrease in accrued wages and benefits	(14,757)
Decrease in other liabilities	(110,155)
Total adjustments	342,212
Net cash provided by operating activities	**$ 327,652**

Note 1 - Description of the Academy and Reporting Entity

The Academy of Business and Technology, Lucas County (the "Academy") is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702 to address the needs of students in grades kindergarten through eight. The Academy's objective is to prepare all students to be successful citizens, cooperative workers, and profitable entrepreneurs by developing their unique potential. 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.

The Academy has renewed the charter under the oversight of Ashe Cultural Center (the "Sponsor") for a period of three years commencing June 30, 2006 and ending April 14, 2009. The charter was extended through June 30, 2010. 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. In consideration of permitting the creation of the Academy, for the time, organization, oversight, fees, and costs of the Sponsor, the Academy makes annual payments of 3 percent of the total State funds received each year to the Sponsor.

The Academy operates under the direction of a four-member board of directors. The board of directors is responsible for carrying out the provisions of the contract, which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The board of directors controls the Academy's instructional/support facility staffed by eight noncertified and 16 certified full-time teaching personnel who provide services to 203 students.

The governing board has entered into a management contract with Charter School Administration Services, Inc. (CSAS) to provide consulting services, including teacher training, curriculum development, financial management, and state relations (see Note 10).

Note 2 - Summary of Significant Accounting Policies

The financial statements of the Academy of Business and Technology, Lucas County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental organizations.

Note 2 - Summary of Significant Accounting Policies (Continued)

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 to its proprietary activities, provided they do not conflict with or contradict GASB pronouncements. The more significant of the Academy's accounting policies are described below.

FASB standards of accounting issued prior to November 30, 1989 generally are followed to the extent that those standards do not conflict with guidance of the Governmental Accounting Standards Board. The Academy has elected to also follow FASB guidance issued after November 30, 1989 for its activities.

Basis of Presentation - The Academy's basic financial statements consist of a statement of net assets (deficit), a statement of revenues, expenses, and changes in net assets (deficit), and a statement of cash flows. Enterprise Fund reporting focuses on the determination of the change in net assets, financial position, and cash flows.

Measurement Focus - Enterprise Fund 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 (deficit). The statement of revenues, expenses, and changes in net assets (deficit) 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.

Basis of Accounting - The 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.

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.

Nonexchange transactions are transactions in which the Academy receives value without directly giving equal value in return and include grants, entitlements, and donations. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which the Academy is notified of the award and, for restricted funds, when expenditures are made.

Expenses are recognized at the time they are incurred.

Note 2 - Summary of Significant Accounting Policies (Continued)

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 the Sponsor does prescribe an annual budget requirement in addition to preparing a five-year forecast that is to be updated on an annual basis.

Cash and Cash Equivalents - All monies received by the Academy are accounted for by the Academy's management company, Charter School Administration Services, Inc., which serves as the Academy's fiscal agent. All cash received by the fiscal agent is maintained in a separate bank account in the Academy's name. Monies for the Academy are maintained in this account.

Capital Assets - 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 $1,000. The Academy does not possess any infrastructure. There are no construction period interest costs.

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

Leasehold improvements	5 years
Furniture and equipment	5 years

Compensated Absences - Vacation benefits are accrued as a liability as the benefits are earned if employees' rights to receive compensation are attributable to services already rendered and it is probable that the Academy will compensate the employees for the benefits through paid time off or some other means. The Academy records a liability for accumulated unused vacation time when earned for all employees who are eligible for vacation.

Accrued Liabilities Payable - The Academy has recognized certain liabilities on its statement of net assets (deficit) relating to expenses which are due but unpaid as of June 30, 2009, including accounts payable and salary payments made after year end that were for services rendered in fiscal year 2009. Certain teaching personnel are paid year round; however, payments during the summer months were earned as of June 30. Therefore, a liability has been recognized at June 30, 2009 for all salary payments made to teaching personnel during the summer of 2009.

Net Assets - Net assets represent the difference between assets and liabilities. Investment in capital assets consists of capital assets, net of accumulated depreciation.

Note 2 - Summary of Significant Accounting Policies (Continued)

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 from the State. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the Academy. Revenues and expenses not meeting this definition are reported as nonoperating.

Intergovernmental Revenues - The Academy currently participates in the State Foundation Program and the State Disadvantaged Pupil Impact Aid (DPIA) Program. Revenues received from these programs are recognized as operating revenues in the accounting period in which the Academy is notified of the program amount.

Grants and entitlements are recognized as nonoperating revenues in the accounting period in which the grant is expended.

The Academy also participates in various state and federal operating grants. Grants awarded in 2009 include the following: Title I, Title II-A, IDEA-B, EMIS, and meal reimbursement program. Revenue received under the above-named programs is recognized as nonoperating revenue in the accompanying financial statements.

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

Note 3 - Going Concern

The Academy has incurred operating deficits over several years, resulting in a net asset deficiency. The Academy has formulated a deficit reduction plan to eliminate the operating deficit. The plan calls for increased student enrollment and a reduction in operating costs. During the year ended June 30, 2009, the Academy had a slight increase in net assets; however, the overall financial position is still a net asset deficit. The positive results from the current year are a result of management's plans which are discussed above.

In addition, subsequent to year end the Academy received notification from the State of Ohio that it may require the Academy to cease operations for academic reasons. The outcome of this communication has not been determined as of the date of these financial statements.

Note 4 - Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Academy will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, the carrying amount of the Academy's deposits was $600,979 and the bank balance was $608,085. As of June 30, 2009, $358,085 of the Academy's deposit balance was uninsured and uncollateralized. The Academy has no deposit policy for custodial credit risk.

Investments - During the year ended June 30, 2009, the Academy had no investments. The Academy has no investment policy that addresses any restriction on investments relating to interest rate, credit, or custodial credit risks.

Note 5 - Receivables

Receivables at June 30, 2009 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full and are expected to be received within one year. At June 30, 2009, the Academy has a receivable in the amount of $152,415 due from Education Real Estate for past years' rent waivers and reimbursements for fees paid and subsequently waived.

A summary of principal items of intergovernmental receivables is as follows:

Title I	$	72,544
IDEA B		13,688
Education Information Management System		1,000
School Lunch and Breakfast Program		73
Total intergovernmental receivables	$	87,305

Note 6 - Capital Assets

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

	Balance July 1, 2008	Additions	Balance June 30, 2009
Capital assets being depreciated:			
Leasehold improvements	$ 589,452	$ 2,170	$ 591,622
Furniture and equipment	219,640	22,245	241,885
Subtotal	809,092	24,415	833,507
Accumulated depreciation:			
Leasehold improvements	569,063	6,444	575,507
Furniture and equipment	184,195	20,269	204,464
Subtotal	753,258	26,713	779,971
Net governmental capital assets	$ 55,834	$ (2,298)	$ 53,536

Note 7 - Risk Management

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. During fiscal year 2009, the Academy contracted with Employers Mutual Casualty Company for general liability and property insurance with a $1,000,000 single occurrence limit and $2,000,000 aggregate limit and no deductible. Professional liability is protected by excess insurance coverage with an $8,000,000 single occurrence limit and an $8,000,000 aggregate and no deductible. Automobile liability for bodily injury and/or property damage has a $1,000,000 single occurrence limit. The Academy also has an $8,000,000 liability umbrella policy from Employers Mutual Casualty Company.

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant change in insurance coverage from last year.

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

Note 8 - Defined Benefit Pension Plans

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 Charter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplemental information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under Employers/Audit Resources.

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. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by SERS' retirement board. The retirement board, acting with the advice of the actuary, allocates the employer contribution rate among four funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund and Health Care Fund) of the system. For the fiscal year ended June 30, 2009, the allocation to the pension and death benefits is 9.09 percent. The remaining 4.91 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The Academy's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008, and 2007 were $12,585, $12,090, and $13,219, respectively; 100 percent has been contributed for fiscal years 2009, 2008, and 2007.

State Teachers Retirement System

The Academy participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, by calling (614) 227-4090, or by visiting the STRS Ohio website at www.strs.org.

Note 8 - Defined Benefit Pension Plans (Continued)

New members have a choice of three retirement plan options. In addition to the defined benefit (DB) plan, new members are offered 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 their 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 DB plan during the 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 balances. 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, 2009, 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. For fiscal year 2009, 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 Academy's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, 2007 were $79,367, $78,943, and $86,882, respectively; 100 percent has been contributed for fiscal years 2009, 2008, and 2007. Contributions to the DC and combined plans for fiscal year 2009 were $79,367 made by the Academy and $56,690 made by the plan members.

Note 9 - Postemployment Benefits

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

All STRS Ohio retirees who participate in the DB or combined plans and their dependents are eligible for healthcare coverage. The STRS Ohio board has statutory authority over how much, if any, of the healthcare costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the healthcare cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2009, the STRS Ohio board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. For the Academy, this amount totaled $5,669 for fiscal year 2009.

STRS Ohio pays healthcare benefits from the Health Care Stabilization Fund. At June 30, 2008 (the latest information available), the balance in the fund was $4.1 billion. For the year ended June 30, 2008, net healthcare costs paid by STRS Ohio totaled $265,558,000 and STRS Ohio had 122,934 eligible benefit recipients.

For SERS, coverage is made available to service retirees with 10 or more fiscal years of qualifying service credit and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their healthcare premium. The portion is based on years of service, Medicare eligibility, and retirement status.

After allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing healthcare benefits. For the fiscal year ended June 30, 2009, employer contributions to fund healthcare benefits were 4.16 percent of covered payroll, compared to 3.32 percent of covered payroll for fiscal year 2008.

In addition, SERS levies a surcharge to fund healthcare benefits equal to 14 percent of the difference between a minimum pay and the member's pay, prorated for partial service credit. For fiscal year 2009, the minimum pay was established at $35,800. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the Academy, the amount contributed to fund healthcare benefits, including the surcharge, during the 2009 fiscal year totaled $12,585.

Note 9 - Postemployment Benefits (Continued)

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the healthcare fund. The target level for the healthcare reserve is 150 percent of the projected claims less premiums contributed for the next year. Expense for health care at June 30, 2008 (the latest information available) was $219,438,662. At June 30, 2008, SERS had net assets available for payment of healthcare benefits of $386,400,000. SERS had 59,492 participants eligible to receive benefits.

Note 10 - Agreement with Charter School Administration Services, Inc.

The Academy entered into a five-year contract, effective July 1, 1999, with an original expiration date of June 30, 2004, with Charter School Administration Services, Inc. for educational management services. The contract contains a provision which extends the contract for successive one-year periods unless terminated by either party. In exchange for its services, CSAS receives a management fee equal to 12 percent of all revenue sources and is reimbursed for all costs incurred on behalf of the Academy. Terms of the contract require CSAS to provide the following:

a. The support necessary for the provision of educational services to students and the management, operation, and maintenance of the Academy

b. Implementation and administration of the educational program, including the selection and acquisition of instructional materials, equipment, and supplies, and the administration of any and all extracurricular and co-curricular activities and programs

c. All personnel functions, including professional development for the Academy administrator, all instructional personnel, and support staff

d. Control, maintenance, and operation of the Academy building and the installation of technology integral to the Academy design

e. All aspects of the business administration of the Academy

f. Transportation and food service for the Academy

g. A projected annual budget prior to each school year

h. Detailed statements of all revenues received, from whatever source, and detailed statements of all direct expenditures for services rendered to or on behalf of the Academy, whether incurred onsite or offsite, upon request

Note 10 - Agreement with Charter School Administration Services, Inc. (Continued)

i. Support for annual audits in compliance with State law and regulations, showing the manner in which funds are spent at the Academy

j. Reports on Academy operations, finances, and student performance, upon request, but not less frequently than four times per year

k. Any other function necessary or expedient for the administration of the Academy

For the year ended June 30, 2009, the Academy's management company waived $96,387 of contractual fees to assist the Academy in eliminating its deficit. The management company also waived a portion of overhead fees equaling $99,026. At June 30, 2009, substantially all of the Academy's accounts payable balances are owed to the management company.

Note 11 - Other Liabilities and Contingencies

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

State Funding - Funding received from the State of Ohio is based on estimated pupil counts during the year. If actual pupil attendance differs from the estimate, the school will receive a State funding adjustment. For the year ended June 30, 2009, pupil counts were less than originally estimated. The Academy has recorded a liability to the State for overpayment of State aid in the amount of $185,360. The amount will be repaid from State funding received during the year ending June 30, 2010.

Note 12 - Operating Leases

The Academy has two lease agreements for facilities with Education Real Estate, Inc. (formerly known as CSAS Real Estate) effective through June 30, 2009. The lease has continued on a month-to-month basis, and the Academy expects the lease to be renewed during the year ending June 30, 2010. Education Real Estate, Inc. is a company owned by the principal owners of the Academy's management company, Charter School Administrative Services, Inc.

Note 12 - Operating Leases (Continued)

Education Real Estate, Inc. waived the lease payments for the 2009 fiscal year to enable the Academy to minimize its operating deficit.

The Academy also entered a lease for a copier commencing April 1, 2006 for 36 months. The copier is owned by Ricoh Business Systems. Payments made totaled $12,227 for the fiscal year.

Note 13 - Related Parties

Two of the board members of the Academy are also board members of the Academy of Cleveland and the Academy of Dayton, which are academies under management by Charter School Administration Services, Inc. Members of the board of directors are not compensated.

The Academy entered into two lease agreements through June 30, 2009 with Education Real Estate, Inc. for facilities (see Note 12). Education Real Estate, Inc. is the real estate affiliate of Charter School Administration Services, Inc., the Academy's management company. Lease payments for the year ended June 30, 2009 to Education Real Estate, Inc. were waived, as discussed in Note 12.

Note 14 - Consortium Agreement

On January 14, 2000, the governing board approved joining a consortium with 17 other charter schools and public school academies, each of which is managed by Charter School Administration Services, Inc. (CSAS) under management agreements comparable to the management agreement between the Academy and CSAS (see Note 10). The members of the consortium are as follows:

Academy	State of Operation
Academy of Cleveland	Ohio
Academy of Dayton	Ohio
Academy of Kansas City	Missouri
Academy of Arizona	Arizona
Academy of Beaumont	Texas
Academy of Dallas	Texas
Bexar County Academy	Texas
Academy of Lithonia	Georgia
Academy of Detroit West	Michigan

Note 14 - Consortium Agreement (Continued)

Academy	State of Operation
Academy of Southfield	Michigan
Academy of Oak Park	Michigan
Academy of Lathrup Village	Michigan
Academy of Inkster	Michigan
Academy of Warren	Michigan
Academy of Waterford	Michigan
Academy of Westland	Michigan
Cherry Hill School of Performing Arts	Michigan

The management agreement between the Academy and CSAS provides for the allocation of indirect costs incurred by CSAS on behalf of the Academy and the other members of the consortium. Based upon the count of students at the Academy and the other members of the consortium as of September 2000 and the experiences of CSAS in both incurring costs for the consortium members and allocation of such costs to consortium members, the Academy and CSAS have agreed upon an equitable method of such allocation. Based upon the student count, the Academy shall pay CSAS for all indirect reimbursable expenses incurred by CSAS on behalf of the Academy and other members of the consortium for the 2008-2009 school year an amount equal to $67 per month per student enrolled at the Academy. However, in the current year, CSAS waived a portion of the indirect reimbursable expenses. The amount waived during 2008-2009 was $99,026.

Note 15 - Other Purchased Services

During the year ended June 30, 2009, other purchased service expenses for services rendered by various vendors were as follows:

Taxes to Education Real Estate, Inc.	$	13,650
Food service		83,657
Utilities		53,388
Administrative fees to the Sponsor		41,418
Management fees to CSAS		81,953
Overhead fees to CSAS		71,288
Professional fees		144,550
Maintenance and repairs		25,481
Miscellaneous		11,497
Telephone		19,008
Meeting expenses		1,054
Insurance		18,598
Advertising		16,368
Leased equipment		12,227
Total	$	594,137

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Independent Accountant's Report on
Applying Agreed-upon Procedures

To the Board of Directors
Academy of Business and Technology
Lucas County
20820 Greenfield Road
Oak Park, MI 48237

Dear Board Members:

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

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

1. We noted the board adopted an anti-harassment policy at its meeting on November 1, 2009.

2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):

    - A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events

    - A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666

To the Board of Directors
Academy of Business and Technology
Lucas County

- A procedure for reporting prohibited incidents

- A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal

- A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by Section 3319.321 of the revised code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident

- A procedure for documenting any prohibited incident that is reported

- A procedure for responding to and investigating any reported incident

- A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report

- A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the First Amendment to the Constitution of the United States

- A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its website, if the district has a website, to the extent permitted by Section 3319.321 of the revised code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. This report is intended solely for the information and use of the board of directors and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

May 17, 2010

Mary Taylor, CPA
Auditor of State

ACADEMY OF BUSINESS AND TECHNOLOGY

LUCAS 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
JULY 8, 2010

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