



**TOLEDO ACADEMY OF LEARNING
LUCAS COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**TOLEDO ACADEMY OF LEARNING
LUCAS COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Toledo Academy of Learning
Lucas County
1530 North Superior Street, 2nd Floor
Toledo, Ohio 43604-2158

To the Governing Board:

We have audited the Balance Sheet of Toledo Academy of Learning, Lucas County, (Academy) as of June 30, 2000, and the related Statement of Revenues, Expenses, and Changes in Retained Earnings, and the Statement of Cash Flows for the period July 19, 1999 through June 30, 2000. 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 generally accepted auditing standards 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 as of June 30, 2000, and the results of operations and its cash flows for the period then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2001 on our consideration of the Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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 of our audit.

Jim Petro
Auditor of State

January 18, 2001

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**TOLEDO ACADEMY OF LEARNING
LUCAS COUNTY**

**BALANCE SHEET
AS OF JUNE 30, 2000**

Assets

Current Assets

| | |
|---|----------|
| Cash and Cash Equivalents with Fiscal Agent | \$49,506 |
| Intergovernmental Receivables | 5,391 |
| Prepaid Items | 6,054 |

Total Current Assets 60,951

Non-Current Assets

Fixed Assets (Net of Accumulated Depreciation) 99,403

Total Assets \$160,354

Liabilities and Fund Equity

Current Liabilities

| | |
|---------------------------|---------|
| Accounts Payable | \$3,627 |
| Accrued Wages | 20,269 |
| Intergovernmental Payable | 3,785 |

Total Liabilities 27,681

Fund Equity

Retained Earnings
Unreserved 132,673

Total Liabilities and Fund Equity \$160,354

The notes to the financial statements are an integral part of this statement.

**TOLEDO ACADEMY OF LEARNING
LUCAS COUNTY**

**STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS
FOR THE PERIOD JULY 19, 1999 THROUGH JUNE 30, 2000**

Operating Revenues

| | |
|--------------------------------|----------------|
| Foundation Payments | \$409,067 |
| Disadvantaged Pupil Impact Aid | 72,914 |
| Classroom Materials and Fees | <u>3,098</u> |
| Total Operating Revenues | <u>485,079</u> |

Operating Expenses

| | |
|--------------------------|-----------------|
| Salaries | 268,737 |
| Fringe Benefits | 80,402 |
| Purchased Services | 126,799 |
| Materials and Supplies | 17,142 |
| Depreciation | 24,850 |
| Other Operating Expenses | <u>2,422</u> |
| Total Operating Expenses | <u>520,352</u> |
| Operating Loss | <u>(35,273)</u> |

Non-Operating Revenues (Expenses)

| | |
|---|-------------------------|
| Operating Grants - State | 155,000 |
| Operating Grants - Federal | 10,873 |
| Interest Earnings | <u>2,073</u> |
| Total Non-Operating Revenues (Expenses) | <u>167,946</u> |
| Net Income | 132,673 |
| Retained Earnings at Beginning of Year | <u>0</u> |
| Retained Earnings at End of Year | <u><u>\$132,673</u></u> |

The notes to the financial statements are an integral part of this statement.

TOLEDO ACADEMY OF LEARNING
LUCAS COUNTY

STATEMENT OF CASH FLOWS
FOR THE PERIOD JULY 19, 1999 THROUGH JUNE 30, 2000

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities

| | |
|--|-----------------|
| Cash Received from Classroom Materials and Fees | \$3,098 |
| Cash Received from State Foundation and Disadvantaged Pupil Impact Aid | 481,981 |
| Cash Payments to Suppliers for Goods and Services | (148,790) |
| Cash Payments to Employees for Services | (248,468) |
| Cash Payments for Employee Benefits | <u>(76,617)</u> |
| Net Cash Provided by Operating Activities | <u>11,204</u> |

Cash Flows from Noncapital Financing Activities

| | |
|--|----------------|
| Operating Grants Received - State | 155,000 |
| Operating Grants Received - Federal | <u>5,482</u> |
| Net Cash Provided by Noncapital Financing Activities | <u>160,482</u> |

Cash Flows from Capital and Related Financing Activities

| | |
|---|------------------|
| Payments for Capital Acquisitions | <u>(124,253)</u> |
| Net Cash Used by Capital and Related Financing Activities | <u>(124,253)</u> |

Cash Flows from Investing Activities

| | |
|--|------------------------|
| Cash Received from Interest on Investments | <u>2,073</u> |
| Net Cash Provided by Investing Activities | <u>2,073</u> |
| Net Increase in Cash and Cash Equivalents | 49,506 |
| Cash and Cash Equivalents at the Beginning of the Year | <u>0</u> |
| Cash and Cash Equivalents at the End of the Year | <u><u>\$49,506</u></u> |

(Continued)

TOLEDO ACADEMY OF LEARNING
LUCAS COUNTY

STATEMENT OF CASH FLOWS
FOR THE PERIOD JULY 19, 1999 THROUGH JUNE 30, 2000
(Continued)

**Reconciliation of Operating Loss to
Net Cash Provided by Operating Activities**

Operating Loss (\$35,273)

**Adjustments to Reconcile Operating Loss to
Net Cash Provided by Operating Activities**

| | |
|---|------------------------|
| Depreciation | 24,850 |
| Changes in Assets and Liabilities: | |
| (Increase) in Prepaid Items | (6,054) |
| Increase in Accounts Payable | 3,627 |
| Increase in Accrued Wages Payable | 20,269 |
| Increase in Intergovernmental Payable | <u>3,785</u> |
| Total Adjustments | <u>46,477</u> |
| Net Cash Provided by Operating Activities | <u><u>\$11,204</u></u> |

The notes to the financial statements are an integral part of this statement.

**TOLEDO ACADEMY OF LEARNING
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000**

1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

Toledo Academy of Learning (Academy) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The Academy is an approved 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 Academy's tax-exempt status. The Academy's objective is to bridge the gap between families, educators, and the community to form a supportive network dedicated to fostering excellence and innovation in education. The developmental program is offered year-round for students in kindergarten through eighth grade who are average, at risk, special needs, or gifted. 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 acquire facilities as needed and contract for any services necessary for the operation of the school.

The Academy was approved for operation under a contract with the Lucas County Educational Service Center (the Sponsor) for a period of five years commencing July 19, 1999. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration. The sponsorship agreement states the Treasurer of Lucas County Educational Service Center shall serve as the Chief Financial Officer of the Toledo Academy of Learning, (see note 12).

The Academy operates under the direction of a five-member Governing Board. The Governing 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 Governing Board controls the Academy's one instructional/support facility staffed by 8 non-certified and 10 certificated full time teaching personnel who provide services to 121 students.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

**TOLEDO ACADEMY OF LEARNING
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the balance sheet. Equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The accrual basis of accounting is used for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. Budgetary Process

Unlike other public schools located in the state of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided in the Academy's contract with its Sponsor. The contract between the Academy and its Sponsor does prescribe an annual budget requirement in addition to preparing a 5-year forecast which is to be updated on an annual basis.

D. Cash and Cash Equivalents

All monies received by the Academy are accounted for by the Academy's fiscal agent, the Lucas County Educational Service Center. All cash received by the fiscal agent is maintained in separate bank accounts in the Academy's name. Monies for all funds of the Academy are maintained in these accounts or temporarily used to purchase short-term investments. For purposes of the statement of cash flows and for presentation on the balance sheet, investments with a maturity of three months or less at the time they are purchased by the Academy are considered to be cash equivalents.

E. Fixed Assets and Depreciation

Fixed assets are capitalized at cost and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market value as of the dates received. The Academy does not possess any infrastructure.

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

Depreciation of furniture and equipment and leasehold improvements is computed using the straight-line method over an estimated useful life of five years.

**TOLEDO ACADEMY OF LEARNING
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

F. Intergovernmental Revenues

The Academy currently participates in the State Foundation Program, the State Disadvantaged Pupil Impact Aid (DPIA) Program, and the State Special Education Program. Revenues from these programs are recognized as operating revenues in the accounting period in which they are earned and become measurable.

The Academy also participates in the Charter School Grant Program through the Ohio Department of Education. Under this program, the Academy was awarded \$50,000 for the planning phase of the school. Additionally, the Sponsor, as part of the Lucas County pilot project, awarded the Academy \$100,000 to partially defray school start-up costs. Revenues from these programs are recognized as non-operating revenue on the accompanying financial statements.

Commodities, grants and entitlements are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2000, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expense in the year the services are consumed.

3. DEPOSITS AND INVESTMENTS

The following information classifies deposits and investment by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

At June 30, 2000, the carrying amount of the Academy's deposits was \$49,506 and the bank balance was \$72,420. The bank balance was covered by federal depository insurance.

4. RECEIVABLES

Receivables at June 30, 2000, consisted of intergovernmental (e.g., DPIA and miscellaneous grant) receivables. All intergovernmental receivables are considered collectible in full, due to the stable condition of State programs, and the current year guarantee of federal funds.

5. FIXED ASSETS

A summary of the Academy's fixed assets at June 30, 2000, follows:

| | |
|--------------------------------|------------------------|
| Furniture and Equipment | \$53,342 |
| Leasehold Improvements | 70,911 |
| Subtotal: | <u>124,253</u> |
| Less: accumulated depreciation | <u>(24,850)</u> |
| Net Fixed Assets | <u><u>\$99,403</u></u> |

**TOLEDO ACADEMY OF LEARNING
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

6. RISK MANAGEMENT

A. Property and Liability

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For the period July 19, 1999 through June 30, 2000, the Academy contracted with Nationwide Insurance for property and general liability insurance.

Professional liability is protected by Nationwide Insurance with a \$1,000,000 single occurrence limit and \$5,000,000 aggregate and no deductible.

B. Workers' Compensation

The Academy pays the State Worker's 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.

C. Employee Medical, Dental, and Vision Benefits

The Academy has contracted with its Sponsor, to provide employee medical, dental, and vision insurance to its full time employees who work 40 or more hours per week.

7. DEFINED BENEFIT PENSION PLANS

A. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security System. As of June 30, 2000, the Academy has no employees or members of the governing board which contribute to the Social Security System.

B. School Employees Retirement System

The Academy contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

**TOLEDO ACADEMY OF LEARNING
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

Plan members are required to contribute 9 percent of their annual covered salary and The Academy is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll; 5.5 percent was the portion used to fund pension obligations for fiscal year 2000. For fiscal year 1999, 7.7 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The Academy's required contribution for pension obligations to SERS for the period July 19, 1999 through June 30, 2000 was \$8,306; 94.77 percent has been contributed for the period July 19, 1999 through June 30, 2000, and \$1,166 representing the unpaid contribution has been recorded as a liability.

C. State Teachers Retirement System

The Academy contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the Academy is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The Academy's required contribution for pension obligations to STRS for the period July 19, 1999 through June 30, 2000 was \$14,735; 92.59 percent has been contributed for the period, and \$1,092 representing the unpaid contribution has been recorded as a liability.

8. POSTEMPLOYMENT BENEFITS

The Academy provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired classified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligation 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.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For the period July 19, 1999 through June 30, 2000, the Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the Academy, this amount equaled \$7,796 for the period.

**TOLEDO ACADEMY OF LEARNING
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2,783 million at June 30, 1999 (the latest information available). For the fiscal year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000, and STRS had 95,796 eligible benefit recipients.

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

For this period, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase from 6.3 percent for fiscal year 1999. 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 the period July 19, 1999 through June 30, 2000, the minimum pay has been established at \$12,400. For the Academy, the amount to fund health care benefits, including the surcharge, was \$12,836 for the period July 19, 1999 through June 30, 2000.

9. STATE SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the Academy. During the period ended June 30, 2000, the Academy received \$409,067 of school foundation support.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997 decision, however, if found seven "...major areas warrant further attention, study, and development by the General Assembly..." including the State's reliance on local property tax funding, the State's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

As of the date of these financial statements, the Academy is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.

**TOLEDO ACADEMY OF LEARNING
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

10. CONTINGENCIES

Grants

The Academy received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the funds. 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, 2000.

11. FISCAL AGENT

The sponsorship agreement states the Treasurer of the Lucas County Educational Service Center shall serve as the Chief Financial Officer of the Toledo Academy of Learning. As part of this agreement, the Academy shall compensate the Lucas County Educational Service Center four percent (4%) of the per pupil allotments paid to the Academy from the State of Ohio.

The Treasurer of the Sponsor shall perform all of the following functions while serving as the Chief Financial Officer of the Academy:

1. Maintain custody of all funds received by the Academy in segregated accounts separate from the Sponsor's or any other Community School's funds;
2. Maintain all books and accounts of all funds of the Academy;
3. Maintain all financial records of all state funds of the Academy and follow State Auditor procedures for receiving and expending state funds;
4. Assist the school in meeting all financial reporting requirements established by the Auditor of Ohio;
5. Invest funds of the Academy in the same manner as the funds of the sponsor are invested, but the Treasurer shall not commingle the funds with any of the Sponsor or any other community school; and
6. Pay obligations incurred by the Academy within a reasonable amount of time, not more than 14 calendar days after receipt of a properly executed voucher signed by the Chief Administrative Officer of the Academy so long as the proposed expenditure is within the approved budget and funds are available.

12. PURCHASED SERVICE EXPENSES

For the fiscal year ended June 30, 2000, purchased service expenses were payments for services rendered, as follows:

**TOLEDO ACADEMY OF LEARNING
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

PURCHASED SERVICES

| | |
|-------------------------------------|-----------|
| Professional and Technical Services | \$39,124 |
| Property Services | 72,967 |
| Communications | 7,171 |
| Contracted Craft or Trade Service | 3,877 |
| Pupil Transportation Services | 412 |
| Other Purchased Services | 3,248 |
| Total Purchased Services | \$126,799 |

13. OPERATING LEASES

The Academy has entered into a lease commencing September 24, 1999 for a term of 36 months for a copier. Payments made totaled \$2,420 for the fiscal year. The copier is owned by Copelco Capital. Unless otherwise notified by the lessee, the lease is renewable monthly at the same rate.

The Academy has also entered into a lease, with subsequent amendments, for the period August 1, 1999 through July 31, 2002 with "Riverside Mercy Hospital" to lease space to house the Academy. Payments made totaled \$68,521 for the fiscal year. The Academy has the option to renew the lease for an additional three-year term, with the rent increase(s) not to exceed four percent.

The following is a schedule of the future minimum payments required under the operating lease as of June 30, 2000.

| Fiscal Year Ending June 30, | Facility Rental | Copier |
|-----------------------------|-----------------|---------|
| 2001 | \$70,988 | \$3,289 |
| 2002 | 70,988 | 3,289 |
| 2003 | 5,916 | 822 |
| Total minimum payments | \$147,892 | \$7,400 |



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Toledo Academy of Learning
Lucas County
1530 North Superior Street, 2nd Floor
Toledo, Ohio 43604-2158

To the Governing Board:

We have audited the financial statements of Toledo Academy of Learning, Lucas County, (Academy) for the period July 19, 1999 through June 30, 2000, and have issued our report thereon dated January 18, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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 grants, 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to management of the Academy in a separate letter dated January 18, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Academy's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Academy in a separate letter dated January 18, 2001.

Toledo Academy of Learning
Lucas County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of management, the Governing Board, and the Sponsor, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

January 18, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

TOLEDO ACADEMY OF LEARNING

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
FEBRUARY 22, 2001**