



**INTERNATIONAL PREPARATORY SCHOOL  
CUYAHOGA COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2001**



**Auditor of State  
Betty Montgomery**



**INTERNATIONAL PREPARATORY SCHOOL  
CUYAHOGA COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

International Preparatory School  
Cuyahoga County  
10701 Shaker Boulevard  
Cleveland, Ohio 44104

We were engaged to audit the accompanying financial statements of the International Preparatory School, Cuyahoga County, Ohio, (the School) as of and for the year ended June 30, 2001, as listed in the table of contents. These financial statements are the responsibility of the School's management.

The School failed to develop a fixed asset accounting system, failed to identify the location of assets within the school, or develop and implement procedures to record asset additions and deletions. As a result, we were unable to satisfy ourselves as to the total amount of fixed assets owned by the School, as of June 30, 2001.

Also, we were unable to obtain evidence of Board approval of the salary and wage amounts paid to the employees. In addition, the School did not have on file employment contracts for all employees and personnel files were not available for all employees. As a result, we were not able to verify the accuracy of the amount reported on the Statement of Revenues, Expenses, and Changes in Accumulated Deficit for the year ended June 30, 2001 as related to employee payroll.

The School's management declined to provide written representations related to the financial statements; completeness of information; and recognition, measurement, and disclosure of misstatements, fraud, unasserted claims, undisclosed liabilities, and violations of laws and regulations.

Since the School did not provide the evidence described in the second and third paragraphs above nor did the School provide written representations related to the issues described in the fourth paragraph above, the scope of our auditing procedures was not sufficient to enable us to express, and we do not express, an opinion on these financial statements.

The school has incurred an operating loss in the amount of \$738,571 for the year ended June 30, 2001, and as of June 30, 2001 has a working capital deficiency of \$969,013 and an accumulated deficit of \$1,439,800.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2003 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 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.

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

**Betty Montgomery**  
Auditor of State

December 3, 2003

**INTERNATIONAL PREPARATORY SCHOOL  
CUYAHOGA COUNTY**

**BALANCE SHEET  
AS OF JUNE 30, 2001**

**Assets:**

**Current Assets:**

Cash and Cash Equivalents	\$0
Receivables:	
Accounts	7,328
Advance to Employees	1,600
Total Current Assets	<u>8,928</u>

**Non-Current Assets:**

Fixed Assets (Net of Accumulated Depreciation and Amortization)	<u>107,606</u>
Total Assets	<u><u>116,534</u></u>

**Liabilities and Equity:**

**Current Liabilities:**

Accounts Payable	227,489
Management Fee Payable	51,888
Intergovernmental Payable	601,847
Overdraft Liability	70,717
Revolving Loan	26,000
Total Current Liabilities	<u>977,941</u>

**Long Term Liabilities:**

Intergovernmental Payable	<u>578,393</u>
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**Equity:**

Accumulated Deficit	<u>(1,439,800)</u>
Total Liabilities and Equity	<u><u>\$116,534</u></u>

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

**INTERNATIONAL PREPARATORY SCHOOL  
CUYAHOGA COUNTY**

**STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN ACCUMULATED DEFICIT  
FOR THE YEAR ENDED JUNE 30, 2001**

**Operating Revenue:**

Foundation Revenue	\$2,088,232
Other Operating Revenues	34,147
Total Operating Revenues	<u>2,122,379</u>

**Operating Expenses:**

Salaries	989,763
Fringe Benefits	176,008
Purchased Services	547,453
Materials and Supplies	108,490
Utilities	81,435
Travel	95,765
Depreciation and Amortization	34,287
Lease Expenses	617,750
Other Operating Expenses	209,999
Total Operating Expenses	<u>2,860,950</u>

Operating Loss (738,571)

**Non-Operating Revenue:**

Federal and State Grants	21,759
Private Grants and Contributions	133,000
Investment Earnings	<u>886</u>

Total Non-Operating Revenue 155,645

Net Operating Loss (582,926)

Accumulated Deficit Beginning of Year (856,874)

Accumulated Deficit End of Year (\$1,439,800)

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



**INTERNATIONAL PREPARATORY SCHOOL  
CUYAHOGA COUNTY**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2001**

**Increase/Decrease in Cash and Cash Equivalents:**

**Cash Flows from Operating Activities:**

Cash Received from State of Ohio	\$2,405,181
Cash Payments to Suppliers for Goods and Services	(1,445,822)
Cash Payments to Employees for Services	(1,158,731)
Other Operating Revenues	<u>70,147</u>

Net Cash Used For Operating Activities (129,225)

**Cash Flows from Noncapital Financing Activities:**

Non-Operating Grants and Contributions Received 154,759

Net Cash Provided By Noncapital  
Financing Activities 154,759

**Cash Flows from Capital and Related Financing Activities:**

Payments for Capital Acquisitions (26,420)

Net Cash Used for Capital  
and Related financing Activities (26,420)

**Cash Flows from Investing Activities:**

Interest Earned on Investments 886

Net Cash Provided by Investing Activities 886

Net Increase/Decrease in Cash and Cash Equivalents 0

Cash and Cash Equivalents Beginning of the Year 0

Cash and Cash Equivalents End of the Year \$0

**(Continued)**

**INTERNATIONAL PREPARATORY SCHOOL  
CUYAHOGA COUNTY**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)**

<b>Reconciliation of operating Loss to Net</b>	
<b><u>Cash Used for Operating Activities:</u></b>	
Operating Loss	(\$738,571)
<b>Adjustments to Reconcile Operating Loss to</b>	
<b><u>Net Cash Used for Operating Activities:</u></b>	
Depreciation and Amortization	34,287
Changes in Assets and Liabilities:	
(Increase) in Accounts Receivable	(7,928)
Decrease in Accrued Wages and Benefits	(51,185)
Increase in Accounts Payable	201,468
Increase in Payments Due Other Governments	317,227
Increase in Overdraft Liability	37,589
Increase in Management Fee Payable	51,888
Increase in Revolving Loan Payable	26,000
Total Adjustments	<u>609,346</u>
Net Cash Used for Operating Activities	<u><u>(\$129,225)</u></u>

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

**INTERNATIONAL PREPARATORY SCHOOL  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2001**

**1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY**

The Oasis Development Corporation is a non-profit corporation established pursuant to Ohio Revised Code Chapter 1702. It was granted 501(c) (3) status by the Internal Revenue Service. Management is not aware of any course of action or series of events that have occurred that might adversely affect this tax exempt status.

The International Preparatory School (TIPS) was approved for operation under contract between the Ohio Cities Governing Authority (Governing Authority) and the Ohio State Board of Education (the Sponsor) for a period of five years commencing July 1, 1999 which terminates on June 30, 2004. 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 Governing Board controls the School's one instructional/support facility which provides instructional services to 363 students. TIPS 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. TIPS may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the school. The Board which governs TIPS also governs the Dayton Urban Academy in Dayton, Ohio, whose operation was suspended by the Ohio Department of Education on March 22, 2002.

TIPS has not applied for tax exempt status with the Internal Revenue Service under section 501(c) (3) of the Internal Revenue Code. As of the balance sheet date, TIPS has not made provisions for any possible tax liabilities which may exist. Although TIPS, as of June 30, 2001, has an accumulated deficit it is possible in future years that a tax liability could be incurred. If the school is not tax exempt it would be liable to pay any amount due.

TIPS and the Dayton Urban Academy have used the tax identification number of the Oasis Development Corporation for the purpose of reporting to the Internal Revenue Service. This has created confusion and consequently, on July 24, 2001, the Oasis North Development Corporation (ONDC) was created and granted a charter as a non-profit corporation in the State of Ohio. During fiscal year 2003, ONDC became the management company of TIPS.

TIPS operates under the direction of a three-member 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.

TIPS has entered into a management contract with Oasis Development Corporation, Inc., to provide consulting services including securing a facility(ies) to operate its school, securing funding, providing consulting, advisory, and liaison services, EMIS monitoring, identifying and applying for grants, and any other projects which may be mutually agreed upon. In exchange for its services, the Oasis Development Corporation, Inc. received a management fee of 10 percent of net qualified revenues. See Note 15 for further discussion of this management agreement.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of TIPS have been prepared in conformity with generally accepted accounting principles 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 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 School's accounting policies are described below.

**INTERNATIONAL PREPARATORY SCHOOL  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Basis of Presentation**

**Enterprise Accounting**

The School uses enterprise accounting to report its financial activities. 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.

**B. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied to a fund 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. Operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The 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 Rev. Code Chapter 5705, unless specifically provided in the School's contract with its Sponsor. The contract between the School and its Sponsor does not prescribe a budgetary process for the School.

**D. Fixed Assets and Depreciation**

Fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the dates received. TIPS maintains a capitalization threshold of five hundred dollars. TIPS 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.

Improvements to fixed assets are depreciated over the remaining useful lives of the related fixed assets. Fixed assets are depreciated using the straight-line method over five years.

**INTERNATIONAL PREPARATORY SCHOOL  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Intergovernmental Revenues**

TIPS currently participates in the State Foundation Program and the State Disadvantaged Pupil Impact Aid Program (DPIA). Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met.

Grants and entitlements are recognized as non-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.

**F. Compensated Absences**

All TIPS personnel were paid for holiday absences according to the holiday schedule established in the contract.

For the 2000/2001 school year, vacations for TIPS personnel were concurrent with the vacation schedule established for students. The staff was not compensated.

TIPS employees are granted sick leave at a rate of 5 days per year after the first month of employment. These sick days may not be carried over. TIPS employees are also granted 3 days of compensated absences for personal reasons in addition to a compensated 3 day Bereavement Leave-of-Absence. These days may not be carried forward.

**G. Cash and Cash Equivalents**

All cash received by TIPS is maintained in demand deposit accounts.

**H. Private Grants and Donations**

TIPS received \$43,000 from the Oasis Development Corporation to support the operation of the School. In addition, the Oasis Development Corporation deposited into the School's bank account \$90,000. These funds were for the School's use and the Dayton Urban Academy, with priority use given to TIPS.

**I. Use of 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 these estimates.

**3. COMPLIANCE ACCOUNTABILITY AND FINANCIAL OUTLOOK**

For fiscal year 2001, TIPS had an operating loss of \$738,571 and accumulated deficit of \$1,439,800. This operating loss and accumulated deficit were the result of start up costs and operating expenses incurred by the School. From June 30, 2001 to April 28, 2003 the School continued to experience losses and deficits. The School has no formal plan in place to alleviate the losses and deficits.

**INTERNATIONAL PREPARATORY SCHOOL  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**4. DEPOSITS AS OF JUNE 30, 2001**

On June 30, 2001, the carrying value of deposit totaled \$(71,388) and its bank balance was \$5,077. All of which was covered by federal depository insurance. At fiscal year end the school had \$671 of petty cash on hand.

**5. FIXED ASSETS**

A summary of TIPS' fixed assets at June 30, 2001 follows:

Furniture and Equipment	\$ 149,610
Less: accumulated depreciation	<u>(42,004)</u>
Net Fixed Assets	<u>\$ 107,606</u>

**6. INTERGOVERNMENTAL PAYABLE**

TIPS reported an intergovernmental payable in the amount of \$1,180,240 on its balance sheet.

Of this amount \$175,356 represented monies due to federal, state, city tax, and medicare withholdings, withholdings for various State and County agencies, and employer and employee portions of STRS, SERS. (See note 9.)

The remaining amount of \$1,004,884 represents a payable by TIPS to the Ohio Department of Education for differences in active full time equivalent (FTE) enrollment and the level of foundation funding for fiscal years 2000 and 2001 as determined by the Ohio Department of Education.

**7. LEASES – OPERATING**

During fiscal year 2001, TIPS paid \$617,750 in lease payments for office equipment and school facility. Of this amount \$45,750 was for office equipment and \$572,000 for a school facility building.

TIPS leased its school facility from Haggins' Properties, LLC under a three-year lease commencing November 1, 1999 and ending October 31, 2002. The scheduled lease payments were \$39,375 per month. During fiscal year 2001, the school was involved in a rental dispute with Haggins' Properties, LLC concerning the leased facility, which lead to a legal action being filed. During this period of time the School deposited \$90,000 into an escrow account with the court. In accordance with the ruling of the court, the School made lease payments, for the period September 1, 2000 through December 31, 2000, based on the following schedule:

- \$90,000 to be paid out of court held escrow funds
- \$120,000 paid by TIPS on September 5, 2000
- \$90,000 paid by TIPS on September 15, 2000
- \$38,000 paid by TIPS on October 15, 2000

Also, the original lease was amended as to term and monthly lease payments. For the period January 1, 2001 through June 30, 2001, TIPS monthly payment was reduced to \$39,000 per month, payable on the first day of each month. As amended, the lease had an expiration date of June 30, 2001.

In June 2001, the school building was part of a foreclosure action by Cuyahoga County. Enterprise International of Ohio, LLC, a for profit corporation purchased the building. Enterprise International of Ohio, LLC, is owned and operated by Da'ud Abdul Malik who is the Chairman of the Board of Trustees of TIPS and Hasina Rane Shabazz who is the Treasurer of the Board of Trustees of TIPS and a board member of the Oasis Development Corporation, Inc. and who are also husband and wife. The building was leased to the TIPS for a three year period commencing July 1, 2001 and ending June 30, 2004. The

**INTERNATIONAL PREPARATORY SCHOOL  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**7. LEASES – OPERATING (Continued)**

lease provided for monthly lease payments of \$39,000. In July 2001, TIPS made a monthly rent payment to the Surety Title Company in the amount of \$38,906 and subsequent to this date, all payments were made to Enterprise International of Ohio, LLC.

**8. RISK MANAGEMENT**

**A. Property and Liability**

TIPS is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For Fiscal Year 2001, TIPS contracted with Harcum-Hyre Insurance Agency, Inc. for coverage with a \$1,000,000 single occurrence limit and a \$3,000,000 aggregate.

**B. Workers Compensation**

TIPS 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 determined by the State.

**9. DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

TIPS contributed to the School Employees Retirement System of Ohio ("SERS"), a cost sharing multiple employer defined 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, 45 N. 4<sup>th</sup> St., Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salaries and the school is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School's contribution is used to fund pension obligations, with the remainder used to fund health care benefits; for the year ended June 30, 2001, 4.2 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 Board. The School's required contributions for pension obligations to SERS for the years ended June 30, 2001 and 2000 were \$6,555 and \$8,443, respectively. As of June 30, 2001, the school owed \$26,750, which represents amounts due from the employer and unpaid employee payroll withholdings. This amount was included as a liability on the balance sheet. After June 30, 2001, TIPS owed \$66,000 to the retirement system. A payment schedule for this amount has not been put in place.

**INTERNATIONAL PREPARATORY SCHOOL  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**9. DEFINED BENEFIT PENSION PLANS (Continued)**

**B. State Teachers Retirement System (Continued)**

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

For the fiscal year ended June 30, 2001, plan members were required to contribute 9.3 percent of their annual covered salaries. TIPS was required to contribute 14 percent; 9.5 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 School's required contributions to STRS for the Fiscal Years Ended June 30, 2001 and 2000 were \$53,171 and \$38,766, respectively. As of June 30, 2001, the school owed \$26,385 which represents amounts due from unpaid employee payroll withholdings. This amount was included as a liability on the balance sheet.

**10. POST EMPLOYMENT BENEFITS.**

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

For STRS, all benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio Law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. As of June 30, 2001, the board allocates employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund for which payments for health care benefits are paid. For TIPS, this amount equaled \$25,182 during fiscal 2001.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2001, (the latest information available) the balance in the fund was \$3.256 billion. For the year ended June 30, 2001, net health net health care costs paid by STRS were \$300,772,000 and STRS had 102,132 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit and to disability and for 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. After the allocation for the basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For this fiscal year, employer contributions used to fund health care benefits were 9.8 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001 the minimum pay was established at \$12,400. For TIPS, the amount to fund health care benefits, including surcharge, equaled \$15,296 for fiscal year 2001.



**INTERNATIONAL PREPARATORY SCHOOL  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**10. POST EMPLOYMENT BENEFITS. (Continued)**

The surcharge added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level of the health care fund. The target level of the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2001 (the latest information available), were \$161,439,934 and the target level was \$242.2 million. At June 30, 2001, SERS had net assets available for health care benefits of \$315.7 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**11. OTHER EMPLOYEE BENEFITS**

TIPS provides life insurance to all employees through a private carrier. TIPS has also contracted with private carriers to provide employee medical and dental benefits. TIPS pays for the coverage.

**12. CONTINGENCIES**

**A. Grants**

TIPS received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs 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 TIPS. 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, 2001.

**B. Litigation**

A suit was filed in Franklin County Common Pleas Court on May 14, 2001, alleging that Ohio's Community (i.e. Charter) Schools program violates the State Constitution and State law. On April 21, 2003 the court dismissed the counts containing constitutional claims and stayed the other courts pending appeal of the constitutional issues. The plaintiffs appealed to the Court of Appeals, the issues have been briefed, and the case was heard for oral argument on November 18, 2003. The effect of this suit, if any, on TIPS is not presently determinable.

**13. PURCHASED SERVICES**

Purchased services included the following :

Consultant Services	\$ 86,342
Professional Development	145,529
Management Services (See Note 15)	229,771
Legal & Professional Services	<u>85,811</u>
Total	\$547,453

**14. RELATED PARTY**

The Oasis Development Corporation, an Ohio Corporation, established in part to provide educational programs created the Ohio Cities Governing Authority (the Governing Authority) and appointed three members to act as a Board of Trustees. The Governing Authority then established the International Preparatory School in Cleveland, Ohio and assumed the responsibilities of the School's Board of Trustees. Two of the three members appointed to the Governing Authority were also members of the Board of Directors of the Oasis Development Corporation. Oasis Development Corporation is a management company providing management consulting services to the International Preparatory School in Cleveland, Ohio and the Dayton Urban Academy in Dayton, Ohio.

**INTERNATIONAL PREPARATORY SCHOOL  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**14. RELATED PARTY TRANSACTIONS (Continued)**

Hasina Shabazz is the Treasurer of TIPS, is a member of the Board of Trustees of TIPS, and is also on the Board of the Oasis Development Corporation. As Treasurer she does not receive any compensation.

During the 2000/2001 school year, TIPS employed and or purchased service from several relatives of the Governing Authority Trustee's.

**15. MANAGEMENT CONSULTING CONTRACT**

TIPS entered into a management contract with Oasis Development Corporation Inc. to provide consulting services. Under the contract, Oasis Development Corporation, Inc. is required to provide the following services:

1. Consulting and liaison services with the Ohio Department of Education and other governmental and quasi-governmental offices and agencies;
2. Secure facility/facilities for TIPS to operate its school(s);
3. Advisory services regarding special education and special needs students, programs, processes, and reimbursements;
4. Other ongoing consultation with TIPS's management, as requested;
5. EMIS monitoring, consultation and guidance to TIPS staff on implementation and ongoing compliance with EMIS requirements;
6. Attendance at the TIPS's board of trustees meetings, as an invited observer;
7. Utilization of operations manual forms, (including teacher's contracts, applications, enrollment and similar forms) and management procedures, as the same are from time to time developed by Oasis Development Corporation, Inc.
8. Consultive services on insurance needs, including introduction to Oasis Development Corporation Inc.'s insurance relationships;
9. Assistance in identifying and applying for grants;
10. Secure funding for leases and/or purchases via loans, notes, grants, etc.; and
11. Such other management consultant services as are from time to time mutually agreed upon.

For services performed by the Oasis Development Corporation, the International Preparatory School, based on the provisions of an agreement, was required to pay an amount equal to 10 percent of the net qualifying revenues received. Net qualifying revenues were defined as the gross school foundation payments received (\$2,332,216) less the amount of deduction made for retirement purposes (\$34,512). For the year 2001, TIPS total management fees were \$229,771. Of this amount \$51,888 was payable at the end of the year.

**INTERNATIONAL PREPARATORY SCHOOL  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**16. STATE SCHOOL FUNDING DECISION**

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...

The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

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## **Auditor of State Betty Montgomery**

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

International Preparatory School  
Cuyahoga County  
10701 Shaker Boulevard  
Cleveland, Ohio 44104

We were engaged to audit the financial statements of the International Preparatory School, Cuyahoga County, Ohio, (the School) as of and for the year ended June 30, 2001, and have issued our report thereon dated December 3, 2003. Our report indicated that because we did not obtain certain representations from the School management, the insufficiency of evidence to support fixed assets, and our inability to obtain evidence of Board approval of the salary and wage amounts paid to the employees, we did not express an opinion on the financial statements. Our report also disclosed the School has sustained a significant operating loss and an accumulated deficit.

#### **Compliance**

As part of our procedures, 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 engagement, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2001-001 through 2001-004. We also noted certain immaterial instances of noncompliance that we have reported to management of the School in a separate letter dated December 3, 2003.

#### **Internal Control Over Financial Reporting**

In planning and performing our engagement, we considered the School's internal control over financial reporting in order to determine our procedures for the purpose of expressing our opinion on the financial statements, wherein we disclaimed an opinion, and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the School's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2001-005 through 2001-011.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 2001-005 through 2001-011 to be material weaknesses.

We also 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 School in a separate letter dated December 3, 2003.

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

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

**Betty Montgomery**  
Auditor of State

December 3, 2003

**INTERNATIONAL PREPARATORY SCHOOL  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
JUNE 30, 2001**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>FINDING NUMBER</b>	<b>2001-001</b>
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**Finding for Recovery**

During the fiscal year 2001, the International Preparatory School issued payments to individuals and vendors for which supporting documentation was not on file, could not be verified, and for which no supporting documentation was found. This missing documentation included invoices for purchases made, Board approval for payment of temporary help at the school, travel expenses which were not supported by invoices, and airline tickets purchased without support.

In accordance with the forgoing facts, and pursuant to the Ohio Revised Code Section 117.28, a Finding for Recovery for public monies improperly expended is hereby issued against Amdullah Bey, Hasina Shabazz, Treasurer, and Da'ud Abdul Malik, Chairman of the Governing Authority, jointly and severally, in the amount of \$625; Patricia Murphy, Hasina Shabazz, Treasurer, and Da'ud Abdul Malik, Chairman of the Governing Authority, jointly and severally, in the amount of \$1,100; Wilfredo Maldonado, Hasina Shabazz, Treasurer, and Da'ud Abdul Malik, Chairman of the Governing Authority, jointly and severally in the amount of \$1,300; Talut Rasul, Hasina Shabazz, Treasurer, and Da'ud Abdul Malik, Chairman of the Governing Authority, jointly and severally, in the amount of \$1,500; Michael Robinson, Hasina Shabazz, Treasurer, and Da'ud Abdul Malik, Chairman of the Governing Authority, jointly and severally, in the amount of \$515; Monique Hamilton, Hasina Shabazz, Treasurer, and Da'ud Abdul Malik, Chairman of the Governing Authority, jointly and severally, in the amount of \$3,000; and Hasina Shabazz, and Da'ud Abdul Malik, jointly and severally, in the amount of \$10,727 and in favor of the International Preparatory School.

The above Findings for Recovery total \$18,767.

We recommend the School develop and implement controls over expenditures, which include review and approval procedures, to assist the School in verifying that all necessary documentation is on file for each expenditure made and to ensure Board approval is obtained when necessary.

<b>FINDING NUMBER</b>	<b>2001-002</b>
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**Finding for Recovery**

On March 13, 2001 a check was issued, by the School, in the amount of \$80,000 for the purpose of paying off a second mortgage on a building which the School did not own.

In accordance with the forgoing facts, and pursuant to the Ohio Revised Code Section 117.28, a Finding for Recovery for public monies improperly expended is hereby issued against Hasina Shabazz, Treasurer and Da'ud Abdul Malik, Chairman of the Governing Authority, jointly and severally, in the amount of \$80,000 and in favor of the International Preparatory School.

We recommend that the School develop procedures to help ensure that all expenditures of board funds are reviewed and approved and are for public purposes only. Additionally, the Board should develop a policy describing procedures and setting dollar limits which require all board members to indicate agreement with the expenditure, by their signatures on the supporting documentation.

**INTERNATIONAL PREPARATORY SCHOOL  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
JUNE 30, 2001  
Continued**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>FINDING NUMBER</b>	<b>2001-003</b>
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**Financial Report Filing**

Ohio Rev. Code Section 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. In part this report shall contain the following:

- Amount of collections and receipts, and accounts due from each source;
- Amount of expenditures for each purpose;

Ohio Administrative Code Section 117-2-03 (B) further clarifies the filing requirements of Ohio Rev. Code Section 117.38. This section requires that "All counties, cities, and school districts, including educational service centers and community schools, shall file their annual financial reports pursuant to generally accepted accounting principles". Generally accepted accounting principles (GAAP) require the following:

- Balance sheet as prescribed by GAAP standards;
- Income and expense statement as prescribed by GAAP;
- Cash flow statement as prescribed by GAAP; and,
- Notes to the financial statements as prescribed by GAAP;

The School filed its financial statements for the year ended June 30, 2001 on March 12, 2002. The financial statements as filed were incomplete and inaccurate. Numerous adjustments were necessary due to incomplete financial records being maintained by the School. Amounts reported as fixed assets were incorrectly reported, accounts payable were understated, checks which were voided were carried on the books, a partial repayment of a loan to the Dayton Urban Academy was not recorded on the financial records, salaries were understated and benefits were overstated.

We recommend that the school organize its financial recordkeeping, develop tickler files as a reminder of filing dates, and take all other steps necessary to file its financial statements within the prescribed time period. If these financial statements are not filed within the prescribed timetable, the School may be assessed a late filing penalty.



**INTERNATIONAL PREPARATORY SCHOOL  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
JUNE 30, 2001  
Continued**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>FINDING NUMBER</b>	<b>2001-004</b>
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**Teacher Licenses**

Ohio Revised Code Section 3314.03(A) (10) requires that all community school classroom teachers be licensed in accordance with Ohio Revised Code Sections 3319.22 through 3319.31, except that a community school may employ non-certified persons to teach up to twelve hours per week, pursuant to Ohio Revised Code 3319.301. A permit must be issued by the Ohio Department of Education to these “noncertified” persons in order to permit them to teach.

We noted the following discrepancies:

- One individual was employed as a full-time teacher without a teaching certificate;
- One individual was employed as a teacher/educational aide who did not have a valid teacher or educational aide certification on file;
- One individual was employed as a full-time educational aide and was utilized as a full time teacher; and,
- Seven individuals who had long-term substitute teacher certifications were employed as full-time teachers.

The School hired and employed individuals in positions for which that they do not have the proper certifications.

We recommend the Board obtain and review licenses and certifications before hiring an individual.

<b>FINDING NUMBER</b>	<b>2001-005</b>
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**Condition of Accounting Records**

Management is responsible for developing and maintaining complete and accurate financial records. During the testing of the records we noted:

- Supporting documentation, such as vendor invoices, for non-payroll expenditures was lacking;
- Personal service agreements could not be located;
- No records existed of Board approval of employee salary and/or wage rates;
- There was no evidence of a management review of account coding on documents prior to postings being made to the financial statements or approval of monthly financial statements;
- Payroll and non-payroll bank reconciliations were performed by the bookkeeper; who is the same person who prepares the financial records of the School; and,
- Properly authorized payroll deduction authorization forms, employment contracts or salary/wage notices, and retirement system enrollment applications were not included in some personnel files.

**INTERNATIONAL PREPARATORY SCHOOL  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
JUNE 30, 2001  
Continued**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>FINDING NUMBER</b>	<b>2001-005</b>
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**Condition of Accounting Records (Continued)**

We recommend that the School develop and maintain a system of controls and financial records which exhibit the financial position of the School, and at a minimum, consist of the following:

- Revenue ledgers which record all sources of monies received, purpose of the receipt, and from whom received;
- Sequentially numbered duplicate receipts prepared for all monies received;
- Copies of all deposit transactions to the bank;
- Reconciliations of bank deposits to duplicate receipts and revenue ledgers;
- Development of a system to document approvals for expenditures made;
- Expenditure ledgers which record all expenditures of monies and the purpose of the expenditure;
- Files which consist of the original invoices received for all expenditures made which cross reference to the checks prepared for the payment of the invoices;
- Complete and accurate listings of all outstanding checks at the end of each month;
- Complete and accurate monthly bank to book reconciliations;
- Preparation of monthly financial statements;
- Development of Board policies which enumerate and describe the financial records to be maintained by the School;
- Development by management of a complete system of controls to help ensure the completeness, accuracy, and validity of the School's financial transactions;
- Evidence of review of the financial statements and supporting documentation by the Board and management;
- Financial statements which include all statements required by Generally Accepted Accounting Principals (GAAP);
- Notes to the financial statements which consist of all disclosures required by the Generally Accepted Accounting Principles; and,
- Any other records (financial or non-financial) which the Board of Trustees or management should determine to be useful in the discharge of their duties.

The School management has available numerous sources of information describing the process of internal controls, recordkeeping requirements and reporting procedures. It is the responsibility of management to ensure that all responsible parties have access to this literature and training sessions.

It is imperative that accurate and complete, records which exhibit true balances be maintained. If necessary, the School management should seek training sessions for financial statement preparation, read and study the available authoritative literature, develop a program of recordkeeping which will provide assurance of financial statement accuracy and integrity, and if necessary seek out the assistance of a professional who is familiar with the these requirements.

We recommend that the School develop and maintain policies which include procedures to help ensure that all necessary documentation, reviews, and approvals are performed. These reviews should include the initials of the management affixed to the documents, a check list review of the contents of personnel files, and evidence of Board approval of salary and wage rates.

**INTERNATIONAL PREPARATORY SCHOOL  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
JUNE 30, 2001  
Continued**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>FINDING NUMBER</b>	<b>2001-006</b>
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**Financial Statement Review**

Management is responsible for implementing and maintaining a system of controls designed to enable management to determine the accuracy of financial transactions of the School.

We noted 17% of instances tested for which check requests were not approved by the Treasurer and 20% of the items tested for which payments were made in amounts which differed from the supporting documentation. Also, we noted 100% of instances for which purchase service agreements were missing or did not include sufficient detail to determine the accuracy of the amounts paid.

We recommend that management design procedures to ensure that all documentation necessary to support the accuracy and validity of invoices paid is reviewed, approved, and retained. Due to the limited staff, it may be necessary for a member of the Board to perform this review.

<b>FINDING NUMBER</b>	<b>2001-007</b>
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**Development and Implementation of Purchasing Cycle Controls**

The School does not require written authorization prior to a purchase being initiated. In addition, verbal authorizations obtained by management are not regularly documented (e.g. as part of the minutes). The School does require the use of check request forms for payment for goods and services. We noted that 17% of the transactions tested did not have the required check request forms attached. Formal purchase requisitions, purchase orders, or tally sheets were not utilized on a regular basis and there was no process in place to match invoices, purchase orders, tally sheets and checks prior to making payment. Monthly financial statements were not prepared during the year.

We recommend that the School utilize purchase requisitions and/or purchase orders along with check requests and obtain proper authorization before committing School funds. School personnel should provide written acknowledgment when goods and services are received. Management should compare invoices, purchase orders, and receiving acknowledgments prior to authorizing payment. The School should also consider implementing a policy requiring Board approval of all expenditures over an approved dollar amount (for example \$1,000). Board approval of monthly financial statements and the implementation of an accounting package would provide the necessary financial information to allow the School to make informed financial decisions.

**INTERNATIONAL PREPARATORY SCHOOL  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
JUNE 30, 2001  
Continued**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>FINDING NUMBER</b>	<b>2001-008</b>
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**Developing and Implementing an Effective Monitoring Control System**

Monitoring controls are comprised of regular management and supervisory activities established to oversee whether management's objectives are being achieved. Effective monitoring controls should assist management in assessing the quality of internal control performance over time. This process involves assessing the design and operation of controls on a timely basis and taking necessary corrective actions. Monitoring controls should assist management in identifying unexpected results and/or possible misstatements.

Some effective monitoring controls include:

- Regular review of monthly financial statements;
- Review of revenues and expenses with independently accumulated information (budgets, past performances, peer group representatives, etc.);
- Review of large or unusual transactions;
- Identification of unusual fluctuations;
- Review of items which have been outstanding for extended periods of time (outstanding check listing for payroll and non payroll transactions);
- Monitoring compliance with grant agreements;
- Ensuring that an adequate segregation of duties exists; and,
- Review of monthly bank reconciliations by someone independent of their preparation.

Financial reports are not prepared or presented to the Board on a monthly basis. In addition, several incompatible job functions were being performed by the same employees. There was no evidence that monthly bank reconciliations were reviewed by someone independent of their preparation. The lack of effective monitoring controls could lead to the misallocation or misstatement of school funds, expenditure of funds contrary to the directives of the governing board, non-compliance with federal or state laws or regulations, which could result in a loss of funding from these sources, and errors or fraud occurring in financial transactions and remain undetected.

We recommend that management prepare monthly financial statements and submit them to the Board at each regularly scheduled meeting. The Board should review these financial statements and approve them through the minute records. In addition, management should ensure that any reports required by the grantor agencies, per the terms of grant agreements, are completed and filed with the respective grantor agencies in a timely manner. Management should also ensure that proper segregation of duties exists, including an independent review of the monthly bank reconciliations.

**INTERNATIONAL PREPARATORY SCHOOL  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
JUNE 30, 2001  
Continued**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>FINDING NUMBER</b>	<b>2001-009</b>
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**Development and Implementation of Payroll Processing Procedures**

Procedures for payroll disbursements should include, but are not limited to:

- Approval by the Board of Trustees of all pay rates;
- Comparison of all employees' gross wages paid with the approved pay rates as documented in employee contracts;
- Requiring hourly employees to complete and sign time sheets for review and approval by a supervisor; and,
- Approval and tracking of sick time usage and balances for each employee.

We noted that 57% of employee personnel files did not include signed employment contracts and five personnel files could not be located. Evidence of formal approval of employment contracts or hourly rates paid to employees was not documented.

We recommend the Board formally approve employment contracts or pay scales for all employees. Without this approval, it is possible that employees could be paid amounts which were not in accordance with the direction of the Board. Also, we recommend the Board monitor the amounts paid to employees.

<b>FINDING NUMBER</b>	<b>2001-010</b>
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**Public Funds**

Article 1 of the contract between the Ohio Department of Education and the Governing Authority of The International Preparatory School (TIPS) provides that the purpose of the contract was to establish a community school. All monies received by the school are public monies and can only be expended for the purpose for which they were received or collected.

The Oasis Development Corporation deposited \$90,000 into the TIPS general bank account. These funds were deposited for use by TIPS and the Dayton Urban Academy, with priority use given to TIPS to assist TIPS and the Dayton Urban Academy to become stable physically as well as financially. TIPS used these funds as a loan to the Dayton Urban Academy and used \$80,000 to pay off a second mortgage on a building which the School did not own but was used by TIPS as a school building. This building was then purchased by Enterprise International of Ohio, LLC and leased to TIPS for use as a school building.

We recommend that the school management take the necessary steps to ensure that funds expended are in compliance with the provisions of the sponsor contract and the provisions of the Ohio Revised Code.

**INTERNATIONAL PREPARATORY SCHOOL  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
JUNE 30, 2001  
Continued**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>FINDING NUMBER</b>	<b>2001-011</b>
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**Fixed Assets**

We noted the following control weaknesses over fixed assets:

- A fixed asset accounting system which maintains a complete fixed asset listing, by location, with tag or other identification numbers and other pertinent information has not been developed; and,
- The School has not developed and implemented procedures to assist in recording assets as additions when purchased and deletions when disposed of throughout the year.

Failure to prepare timely reports or employ adequate controls over the acquisition and disposal of fixed assets could result in misappropriation of assets and/or misstatement of recorded amounts on the financial statements.

To maintain adequate safeguards over fixed assets and to reduce the risk that the School's assets may be misstated, we recommend management develop and implement procedures to be performed throughout the year for the recording and updating of fixed assets. These procedures should include tagging all fixed assets meeting the capitalization threshold. Further, addition and disposal forms should be completed and approved by management when assets are acquired or retired. This information should then be entered into the fixed asset accounting system and include such information as the tag number, location of the asset, description of the item, cost, acquisition date, and any other pertinent information. Periodic physical inventories should be performed, and the fixed assets listed on the accounting system should be compared to the items on hand and any discrepancies should be investigated.

**INTERNATIONAL PREPARATORY SCHOOL  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
JUNE 30, 2001  
Continued**

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

**INTERNATIONAL PREPARATORY SCHOOL  
CUYAHOGA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2000**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Plan Taken; or Finding No Longer Valid; <b>Explain:</b>
2000-10818-001	Development and Implementation of Purchasing Cycle Controls	No	Not Corrected - Reissued as 2001-007
2000-10818-002	Development and Implementation of Monitoring Controls	No	Not Corrected - Reissued as 2001-008
2000-10818-003	Development and Implementation of Payroll Cycle Controls	No	Not Corrected - Reissued as 2001-009
2000-10818-004	Development and Implementation of Fixed Asset Accounting System	No	Not Corrected – Reissued as 2001-011







**Auditor of State  
Betty Montgomery**

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

**INTERNATIONAL PREPARATORY SCHOOL**

**CUYAHOGA 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 22, 2003**