



**INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Intergenerational School
Cuyahoga County
12200 Fairhill Road
Cleveland, Ohio 44120

To the Board of Trustees:

We have audited the accompanying financial statements of the Intergenerational 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. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Intergenerational School, Cuyahoga County, Ohio, as of June 30, 2001, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2002 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.

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Jim Petro
Auditor of State

March 15, 2002

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The Intergenerational School
Cuyahoga County

Balance Sheet
As of June 30, 2001

Assets

Current Assets

Cash with Fiscal Agent	\$ 119,285
Intergovernmental Receivables	1,053
Prepaid Items	<u>1,540</u>
Total Current Assets	121,878

Non-Current Assets

Fixed Assets (Net of Accumulated Depreciation)	<u>21,154</u>
Total Assets	<u><u>\$ 143,032</u></u>

Liabilities and Fund Equity

Current Liabilities

Accounts Payable	\$ 8,519
Accrued Wages Payable	5,658
Compensated Absences Payable	5,845
Intergovernmental Payable	<u>5,525</u>
Total Liabilities	25,547

Fund Equity

Retained Earnings:	
Unreserved	<u>117,485</u>
Total Liabilities and Fund Equity	<u><u>\$ 143,032</u></u>

The accompanying notes are an integral part of the financial statements

The Intergenerational School
Cuyahoga County

Statement of Revenues, Expenses and Changes in Retained Earnings
For the Year Ended June 30, 2001

Operating Revenues

Foundation Payments	\$ 96,793
Disadvantaged Public Impact Aid	82,552
Other Operating Revenue	<u>5,488</u>
Total Operating Revenues	<u>184,833</u>

Operating Expenses

Salaries	150,330
Fringe Benefits	37,537
Purchased Services	48,110
Materials and Supplies	31,006
Depreciation	4,310
Other Operating Expenses	<u>3,010</u>
Total Operating Expenses	<u>274,303</u>
Operating Loss	<u>(89,470)</u>

Non-Operating Revenues

Grants - Federal	12,374
Grants - State	16,116
Interest Income	2,101
Contributions and Donations	<u>87,500</u>
Total Non-Operating Revenues	<u>118,091</u>
Net Income	28,621
Retained Earnings at Beginning of Year	<u>88,864</u>
Retained Earning at End of Year	<u>\$ 117,485</u>

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

The Intergenerational School
Cuyahoga County

Statement of Cash Flows
For the Year Ended June 30, 2001

Increase in Cash

Cash Flows from Operating Activities

Cash received from State of Ohio	\$ 179,345
Cash received from Food Services	1,348
Cash received from Classroom Materials and Fees	2,000
Cash received from Other Sources	2,140
Cash Payments to Suppliers for Goods and Services	(74,982)
Cash Payments to Employees for Services	(138,827)
Cash Payments for Employee Benefits	<u>(33,230)</u>
Net Cash Used for Operating Activities	<u>(62,206)</u>

Cash Flows from Noncapital Financing Activities

Grants Received - Federal	7,948
Grants Received - State	5,000
Contributions and Donations	<u>87,021</u>
Net Cash Provided by Noncapital Financing Activities	<u>99,969</u>

Cash Flows from Capital and Related Financing Activities

Payments for Capital Acquisitions	<u>(21,550)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(21,550)</u>

Cash Flows from Investing Activities

Cash Received from Interest on Investments	<u>2,101</u>
Net Cash Provided by Investing Activities	<u>2,101</u>

Net Increase in Cash	18,314
Cash at Beginning of Year	<u>100,971</u>
Cash at End of Year	<u><u>\$ 119,285</u></u>

(Continued)

The Intergenerational School
Cuyahoga County

Statement of Cash Flows
For the Year Ended June 30, 2001
(Continued)

**Reconciliation of Operating Loss to Net
Cash Used for Operating Activities**

Operating Loss \$ (89,470)

**Adjustments to Reconcile Operating Loss to Net
Cash Used for Operating Activities**

Depreciation	4,310
Changes in Assets and Liabilities:	
(Increase) in Prepaid Items	(1,540)
(Increase) in Intergovernmental Receivables	(1,053)
Increase in Accounts Payable	8,519
Increase in Accrued Wages Payable	5,658
Increase in Compensated Absences Payable	5,845
Increase in Intergovernmental Payable	<u>5,525</u>
Total Adjustments	<u>27,264</u>
Net Cash Used For Operating Activities	<u>\$ (62,206)</u>

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

**THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001**

NOTE 1 -- DESCRIPTION OF THE ENTITY

The Intergenerational School (the School) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The School 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 School's tax-exempt status. The School's mission is to provide students of kindergarten to grade two the knowledge, skills, and habits to be effective and empowered stewards of their community. The School, which is part of the State's education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The School may acquire facilities as needed and contract for any services necessary for the operation of the school.

The School was approved for operation under a contract with the Ohio State Board of Education (the Sponsor) for a period of five years commencing in the 2001 academic year. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

The School operates under the direction of an eight-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 School's one instructional/support facility staffed by 2 non-certified and 4 certificated full time teaching personnel who provide services to 31 students.

The School has entered into a service agreement with the Lucas County Educational Service Center, Lucas County, Ohio to provide certain financial and accounting services and the Treasurer of Lucas County ESC serves as the Chief Fiscal Officer of the School. (See Note 12)

NOTE 2 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to a governmental nonprofit organization. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The more significant of the School'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 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/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. Operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

**THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001**

NOTE 2 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (Continued)

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 School's contract with its Sponsor. The contract between the School and its Sponsor does prescribe an annual budget requirement.

D. CASH AND CASH WITH FISCAL AGENT

All monies received by the School are accounted for by the School's fiscal agent, the Lucas County Educational Service Center. All cash received by the fiscal agent is maintained in separate bank accounts in the School's name. Monies for the School are maintained in these accounts or temporarily used to purchase short-term investments. In addition to the accounts maintained by the fiscal agent, the School maintained a bank account for making small purchases necessary for the daily operation of the School.

E. 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 value on the date received. The School 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 is computed using the straight-line method over an estimated useful life of five years. Improvements to fixed assets are depreciated over the remaining useful lives of the related fixed assets.

F. INTERGOVERNMENTAL REVENUES

The School currently participates in the State Foundation Program and the State Disadvantaged Pupil Impact Aid (DPIA) Program. Revenues 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.

**THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001**

NOTE 2 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. INTERGOVERNMENTAL REVENUES (Continued)

The school also participates in the Federal Charter School Grant Program through the Ohio Department of Education. Under this program, the school was awarded \$50,000 to offset start-up costs of the School. Revenue received from this program is recognized as non-operating revenue in the fiscal year ended June 30, 2000. (See Note 16)

Amounts awarded under the above named programs for the 2001 school year totaled \$207,835.

G. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond June 30, 2001, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the year in which services are consumed.

H. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 3 -- DEPOSITS AND INVESTMENTS

At June 30, 2001, the carrying amount of the School's deposits was \$119,285 and the bank balance was \$125,471. Federal depository insurance covered \$103,007 of the bank balance. The remaining balance was uninsured and uncollateralized.

NOTE 4 -- RECEIVABLES

Receivables at June 30, 2001, consisted of grant programs. All intergovernmental receivables are considered collectable in full due to the current year guarantee of federal funds.

NOTE 5 -- FIXED ASSETS

A summary of the Schools fixed assets at June 30, 2001 follows:

Furniture & Equipment	\$ 10,413
Leasehold Improvements	<u>15,051</u>
Total	25,464
Less Accumulated Depreciation	<u>(4,310)</u>
Net Fixed Assets	<u>\$ 21,154</u>

**THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001**

NOTE 6 -- RISK MANAGEMENT

A. Property and Liability:

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2001, the School contracted with The Cincinnati Insurance Co. for property and general liability insurance.

The Education Liability policy is protected by Nationwide Insurance Co. with a \$1,000,000 single occurrence limit and \$3,000,000 aggregate and no deductible.

B. Worker's Compensation:

The School 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.

NOTE 7 -- DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. 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 state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone 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 or by calling (614) 222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the School is required to contribute at 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. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts by the SERS' Board. The School's required contribution for pension obligations to SERS for the year ended June 30, 2001 was \$1,860; of this amount, \$1,473 has been contributed for fiscal year 2001. The unpaid contribution for fiscal year 2001, in the amount of \$387 is recorded as a liability.

B. State Teachers Retirement System

The School 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 basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a public available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio, 43215-3771, or by calling (614)-227-4090.

**THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001**

NOTE 7 -- DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System (Continued)

Plan members are required to contribute 9.3 percent of their annual covered salary and the School is 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 for pension obligations to STRS for the year ended June 30, 2001 was \$9,002; of this amount \$4,240 has been contributed for fiscal year 2001. The unpaid contribution for fiscal year 2001, in the amount of \$4,762 is recorded as a liability.

NOTE 8 -- POST-EMPLOYMENT BENEFITS

The School provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certificated employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare premiums. Benefit provisions and the 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 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 the coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year June 30, 2001, the Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School, this amount equaled \$4,264 for the fiscal year ended June 30, 2001.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3,419 million at June 30, 2000 (the latest information available). For the fiscal year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 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 fiscal period, employer contributions to fund health care benefits were 70 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 had been established at \$12,400. For the School, the amount to fund health care benefits, including surcharge, was \$4,341 for the fiscal year ended June 30, 2001.

NOTE 9 -- OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation is derived from policies and procedures approved by the Governing Board. Two members of the staff had vacation leave earned in the current fiscal year that had not been used at year end. The unused vacation amount is shown as a current liability.

**THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001**

NOTE 9 -- OTHER EMPLOYEE BENEFITS (Continued)

B. Employee Medical, Dental, Vision, Life and Disability Benefits

The School has contracted with one private carrier to provide employee medical, dental and vision benefits and another private carrier to provide life and disability insurance. For full time employees who work 37.5 or more hours per week, the School pays \$210 of the monthly premiums for all coverage and the employee is responsible for the remaining portion of the selected coverage (medical, dental, vision, life and/or disability).

NOTE 10 -- STATE SCHOOL FUNDING DECISION

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of March 15, 2002 the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001. On November 2, 2001, the court granted this motion for reconsideration. The court may reexamine and redetermine any issue upon such reconsideration.

As of the date of these financial statements, the School is unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

NOTE 11 -- CONTINGENCIES

A. Grants

The School received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the school. However, in the opinion of management, any such disallowed claims will not have a materially adverse effect on the overall financial position of the School at June 30, 2001.

B. Pending 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. The effect of this suit, if any, on the school is not presently determinable.

**THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001**

NOTE 11 -- CONTINGENCIES (Continued)

C. State Foundation Funding

The Ohio Department of Education conducts reviews of enrollment data and full time equivalency (FTE) calculations made by the school. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. The results of this review could result in state funding being adjusted. For the fiscal year 2001, the School does not anticipate revenue adjustments based on the results of any such review.

NOTE 12 -- FISCAL AGENT

The service agreement states the Treasurer of the Lucas County Educational Service Center shall serve as the Chief Fiscal Officer of The Intergenerational School. As part of this agreement, the School shall compensate the Lucas County Educational Service Center two percent (2%) of the per pupil allotments paid to the School from the State of Ohio. The total contract payment of \$1,936 was paid in full during the year.

The Treasurer shall perform all of the following functions while serving as the Chief Fiscal Officer of the School:

- Maintain custody of all funds received by the School in segregated accounts separate from Lucas County ESC or any other Community School's funds;
- Maintain all books and accounts of the School;
- Maintain all financial records;
- Assist the School in meeting all financial reporting requirements;
- Invest funds of the School in the same manner as the funds of Lucas County ESC are invested, but the Treasurer shall not commingle the funds with any of Lucas County ESC or any other community school; and
- Pay obligations incurred by the School 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 School so long as the proposed expenditure is within the approved budget and funds are available.

NOTE 13 -- PURCHASED SERVICES

For the period July 1, 2000 through June 30, 2001, purchased service expenses were payments for services rendered by various vendors, as follows:

Professional and Technical Services	\$ 27,309
Property Services	16,458
Travel Mileage/Meeting Expense	2,275
Communications	1,095
Contracted Craft or Trade Services	427
Transportation Services	325
Other Purchased Services	<u>221</u>
Total Purchased Services	<u>\$ 48,110</u>

**THE INTERGENERATIONAL SCHOOL
CUYAHOGA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001**

NOTE 14 -- OPERATING LEASES

The School entered into a lease agreement for use of the property known as the Main Building. The term of the lease commenced July 1, 2000 and shall terminate June 30, 2001. The School has the option to renew the lease two times for successive terms of five years. The monthly charge for rent shall be \$1,000 payable the first of each month. Rent expense under the lease was \$12,000 for the year ended June 30, 2001 of which \$1,000 was payable at June 30, 2001.

NOTE 15 -- RELATED PARTY

The School's Governing Board entered into a one-year employment contract with the Principal-Teacher. The Principal-Teacher is a voting member of the Governing Board. Total payments to the Principal-Teacher for salary were \$34,134.

NOTE 16 -- RETAINED EARNINGS

At the fiscal year ended June 30, 2000 the School had retained earnings in the total amount of \$88,864. These retained earnings were comprised of the following:

Private Grants and Donations	\$65,000
Federal Grant Funds	50,000
Other Funding	1,308
Less start up expenses incurred for the period ending June 30, 2000	<u>(27,444)</u>
Retained Earnings at June 30, 2000	<u>\$88,864</u>



**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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

Intergenerational School
Cuyahoga County
12200 Fairhill Road
Cleveland, Ohio 44120

We have audited the financial statements of the Intergenerational School, Cuyahoga County, Ohio, (the School) as of and for the year ended June 30, 2001, and have issued our report thereon dated March 15, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School'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 did not require inclusion in this report, that we have reported to management of the School in a separate letter dated March 15, 2002.

Intergenerational School
Cuyahoga County
Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

March 15, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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INTERGENERATIONAL 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
MAY 21, 2002**