



**Auditor of State  
Betty Montgomery**



UPPER ARLINGTON INTERNATIONAL BACCALAUREATE HIGH SCHOOL  
FRANKLIN COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Upper Arlington International Baccalaureate High School  
Franklin County  
1950 North Mallway  
Upper Arlington, Ohio 43221

To the Board of Directors:

We have audited the accompanying basic financial statements of the Upper Arlington International Baccalaureate High School, Franklin County, Ohio (the IB School), a component unit of the Upper Arlington City School District, as of and for the year ended June 30, 2005, as listed in the table of contents. These financial statements are the responsibility of the IB 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 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 Upper Arlington International Baccalaureate High School, Franklin County, Ohio, as of June 30, 2005, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2006, on our consideration of the IB School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

**Betty Montgomery**  
Auditor of State

March 28, 2006

**UPPER ARLINGTON INTERNATIONAL BACCALAUREATE SCHOOL  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(UNAUDITED)**

The discussion and analysis of the Upper Arlington International Baccalaureate School's (the "IB School") financial performance provides an overall review of the IB School's financial activities for the fiscal year ended June 30, 2005. The intent of this discussion and analysis is to look at the IB School's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the IB School's financial performance. Overall 2005 was the first year of full operations. In 2004 the IB School was organized and received start-up grants in the amount \$100,777, while incurring start-up cost in the amount of \$38,126.

**FINANCIAL HIGHLIGHTS**

- Net Assets decreased \$36,478.
- Operating revenues accounted for \$212,230 in revenue or 67.5% of all revenues.
- Capital asset additions of \$3,738 consisted of computers.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This financial report consists of two parts – management's discussion and analysis and the basic financial statements. These statements are organized so the reader can understand the financial position of the IB School. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the statement of net assets. The statement of net assets represents the basic statement of position for the IB School. The statement of revenues, expenses and changes in net assets presents increases (e.g., revenue) and decreases (e.g., expenses) in net total assets. The statement of cash flows reflects how the IB School finances and meets its cash flow needs. Finally, the notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided on the basic financial statements.

**FINANCIAL ANALYSIS OF THE IB SCHOOL AS A WHOLE**

The IB School is not required to present government-wide financial statements as the IB School engaged in only business-type activities. Therefore, no condensed financial information derived from government-wide financial statements is included in the discussion and analysis.

The following tables represent the IB School's condensed financial information for 2005 derived from the statement of net assets and the statement of activities.

	<u>Net Assets</u>
	<u>2005</u>
Current and other assets	\$ 36,621
Capital assets, net	<u>3,364</u>
Total assets	39,985
Liabilities:	
Accounts payable	<u>13,812</u>
Net assets	
Invested in capital assets, net of related debt	3,364
Unrestricted	<u>22,809</u>
Total net assets	<u>\$ 26,173</u>

**UPPER ARLINGTON INTERNATIONAL BACCALAUREATE SCHOOL  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(UNAUDITED)  
(Continued)**

Changes in Net Assets – The following table shows the changes in net assets for the fiscal year 2005:

	Change in Net Assets
	2005
Operating Revenues:	
Foundation Payments	\$ 186,940
Fees	25,290
Total revenues	212,230
Expenses:	
Purchased Services	250,033
Supplies and Materials	100,524
Depreciation	374
Total expenses	350,931
Operating Loss	(138,701)
Non Operating Revenues	
Federal and State Grants	102,223
Total Change in Net Assets	(36,478)
Net Assets Beginning of Year	62,651
Net Assets End of Year	\$ 26,173

This is the initial year of operation for the IB School; therefore fiscal year 2004 financial information is not available for inclusion in the discussion and analysis and no comparison between current and prior year can be analyzed. Additionally, the IB School operates as a business-type enterprise fund; therefore, no analysis of balances and transactions of individual funds are included in the discussion and analysis. Results of fiscal year 2005 indicate a decrease in net assets of \$36,478 and ending net assets of \$26,173. The decrease is the result of the spending down of the initial grant funds that funded the start-up of the IB School. Actual operations of the IB school began in fiscal 2005. The State Foundation revenues are based on the October 2005 enrollment of 34.5 students. The dependence upon State Foundation revenues is apparent as it represents 88% of the operating revenue of the IB School.

**BUDGET**

Unlike other public schools located in the state of Ohio, community schools are not required to follow budgetary provisions set forth in the Ohio Revised Code Chapter 5705, unless specifically provided in the IB School's contract with its Sponsor. The contract between the IB School and its Sponsor does not prescribe a budgetary process for the IB School. The IB School has developed a five-year projection that is reviewed periodically by the Board of Directors.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal 2005 the IB School had \$3,364 net of accumulated depreciation invested in equipment.

**UPPER ARLINGTON INTERNATIONAL BACCALAUREATE SCHOOL  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(UNAUDITED)  
(Continued)**

**Debt**

The IB School has not issued any debt.

**ECONOMIC FACTORS**

Management is currently unaware of any facts, decisions or conditions that have occurred that are expected to have a significant effect on financial position or results of operations.

**OPERATIONS**

The Upper Arlington International Baccalaureate High School (IB School) is a legally separate not-for-profit served by an appointed seven-member board of Directors and meets the definition of a conversion school under chapter 3314 of the Ohio Revised Code. The IB School aims to develop inquiring, knowledgeable and caring young people who help create a better and more peaceful world through intercultural understanding and respect. This School develops the whole student, helping students to grow intellectually, socially, aesthetically and culturally. A liberal arts education is provided including science and the humanities, languages, mathematics, technology and the arts. The educational program teaches students to think critically and encourages them to draw connections between areas of knowledge and use problem-solving techniques and concepts from the many disciplines.

The IB School is approved by the International Baccalaureate Organization and offers an International Baccalaureate Diploma Program. The IB School is intended to serve junior and senior level students who reside within the Upper Arlington City School District.

The IB School is a discretely presented component unit of the Upper Arlington City School District (Sponsor). The IB School was approved for operation under a five year contract, starting July 1, 2004, with the Sponsor.

The IB School operates under the direction of a seven member Board of Directors made up of:

1. Four persons employed and serving in administrator positions with the Sponsor, which positions shall be designated by the Sponsor.
2. Two persons desiring to further the objectives of the Sponsor in the establishment and operation of the IB School and who shall be selected from the community in general or from among parents of the students of the IB School. Such persons shall neither be officers nor employees of the Sponsor but shall be elected by the Sponsor.
3. One person who is employed as a teacher by the Sponsor and/or the IB School, and who shall be elected by the Sponsor.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Academy's finances and to show the IB School's accountability for the money it receives. If you have questions about this report or need additional information, contact Andrew L. Geistfeld, Treasurer of Upper Arlington International Baccalaureate School.

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**UPPER ARLINGTON INTERNATIONAL BACCALAUREATE HIGH SCHOOL  
FRANKLIN COUNTY**

**STATEMENT OF NET ASSETS  
JUNE 30, 2005**

ASSETS:

*Current Assets:*

Cash and cash equivalents \$16,424

Due From Other Governments 20,197

*Total Current Assets:* 36,621

*Non-Current Assets:*

Capital assets, net of accumulated depreciation 3,364

*Total Non-Current Assets:* 3,364

TOTAL ASSETS 39,985

LIABILITIES:

*Current Liabilities:*

Accounts Payable 13,812

TOTAL LIABILITIES 13,812

NET ASSETS:

Invested in Capital Assets 3,364

Unrestricted 22,809

TOTAL NET ASSETS \$26,173

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

**UPPER ARLINGTON INTERNATIONAL BACCALAUREATE HIGH SCHOOL  
FRANKLIN COUNTY**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2005**

Operating Revenues:	
Foundation Payments	\$186,940
Fees	<u>25,290</u>
Total Operating Revenues	<u>212,230</u>
Operating Expenses:	
Purchased services	250,033
Supplies and materials	100,524
Depreciation	<u>374</u>
Total Operating Expenses	<u>350,931</u>
Operating Loss	<u>(138,701)</u>
Nonoperating Revenues:	
Federal and State grants	<u>102,223</u>
Total Nonoperating Revenues	<u>102,223</u>
Change in Net Assets	(36,478)
Net assets at beginning of year	<u>62,651</u>
Net assets at end of year	<u><u>\$26,173</u></u>

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

**UPPER ARLINGTON INTERNATIONAL BACCALAUREATE HIGH SCHOOL  
FRANKLIN COUNTY**

**STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

Cash flows from operating activities:	
Cash received for foundation payments	\$166,743
Cash received for fees	25,290
Cash payments for supplies and materials	(86,712)
Cash payments for purchased services	<u>(250,033)</u>
Net cash flows used for operating activities	<u>(144,712)</u>
Cash flows from noncapital financing activities:	
Federal and State grant monies received	<u>102,223</u>
Net cash flows provided by noncapital financing activities	<u>102,223</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(3,738)</u>
Net cash flows used for capital and related financing activities	<u>(3,738)</u>
Net decrease in cash and cash equivalents	(46,227)
Cash and cash equivalents at beginning of year	<u>62,651</u>
Cash and cash equivalents at end of year	<u><u>\$16,424</u></u>
Reconciliation of operating loss to net cash used for operating activities:	
Operating Loss	(\$138,701)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	374
Changes in assets and liabilities:	
Increase in receivable	(20,197)
Increase in accounts payable	13,812
Net cash used for operating activities	<u><u>(\$144,712)</u></u>

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

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**UPPER ARLINGTON INTERNATIONAL BACCALAUREATE HIGH SCHOOL  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2005**

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

The Upper Arlington International Baccalaureate High School (IB School) is a legally separate not-for-profit served by an appointed seven-member board of Directors and meets the definition of a conversion school under chapter 3314 of the Ohio Revised Code. The IB School aims to develop inquiring, knowledgeable and caring young people who help create a better and more peaceful world through intercultural understanding and respect. This school develops the whole student, helping students to grow intellectually, socially, aesthetically and culturally. A liberal arts education is provided including science and the humanities, languages, mathematics, technology and the arts. The educational program teaches students to think critically and encourages them to draw connections between areas of knowledge and use problem-solving techniques and concepts from the many disciplines.

The IB School is approved by the International Baccalaureate Organization and offers an International Baccalaureate Diploma Programme. The IB School is intended to serve junior and senior level students who reside within the Upper Arlington City School District.

The IB School is a discretely presented component Unit of the Upper Arlington City School District (Sponsor). The IB School was approved for operation under a five year contract, starting July 1, 2004, with the Sponsor.

The IB School operates under the direction of a seven member Board of Directors made up of:

1. Four persons employed and serving in administrator positions with the Sponsor, which positions shall be designated by the Sponsor.
2. Two persons desiring to further the objectives of the Sponsor in the establishment and operation of the IB School and who shall be selected from the community in general or from among parents of the students of the IB School. Such persons shall neither be officers nor employees of the Sponsor but shall be elected by the Sponsor.
3. One person who is employed as a teacher by the Sponsor and/or the IB School, and who shall be elected by the Sponsor.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the IB School have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The IB 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 IB School does not apply FASB Statements and Interpretations issued after November 30, 1989. Following are the more significant of the IB School's accounting policies.

(A) *Basis of Presentation*

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

UPPER ARLINGTON INTERNATIONAL BACCALAUREATE HIGH SCHOOL  
FRANKLIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2005  
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(B) *Measurement focus*

Enterprise accounting uses a flow economic *resources measurement focus*. With this measurement focus, all assets and liabilities associated with operations are included in the statement of net assets. The difference between total assets and total liabilities is defined as net assets. The statement of revenues, expenses and changes in net assets presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets. The statement of cash flows provides information about how the IB School finances and meets the cash flow needs of its enterprise activities.

(C) *Basis of Accounting*

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

Revenues – Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

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

(D) *Budgetary Process*

Unlike other public schools located in the state of Ohio, community schools are not required to follow budgetary provisions set forth in the Ohio Revised Code Chapter 5705, unless specifically provided in the IB School's contract with the Sponsor. The IB School's contract with its Sponsor does not prescribe a budgetary process.

(E) *Cash and Cash Equivalents*

Cash held by the IB School is reflected as "Cash and Cash Equivalents" on the statement of net assets. All monies received by the IB School are maintained in a demand deposit account. For internal accounting purposes, the IB School segregates its cash. Investments with an original maturity of three months or less at the time they are purchased are presented on the financial statements as cash equivalents. Investments with an original maturity of more than three months are reported as investments. During fiscal year 2005, the IB School had no investments.

**UPPER ARLINGTON INTERNATIONAL BACCALAUREATE HIGH SCHOOL  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2005  
(Continued)**

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

*(F) Capital Assets and Depreciation*

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements throughout the year. Donated capital assets are recorded at their fair market values as of the date received. The IB School follows the policy of not capitalizing assets with a cost of less than \$1,000.

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

Furniture and Equipment	5 years
-------------------------	---------

*(G) Net Assets*

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consists of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the IB School or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

The IB School applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. The IB School did not have any restricted net assets at fiscal year end.

*(H) Estimates*

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

*(I) Operating Revenue and Expenses*

Operating revenues are those revenues that are generated directly from the primary activities of the IB School. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the IB School. All revenues and expenses not meeting this definition are reported as non-operating.

**3. CASH DEPOSITS**

At June 30, 2005, the carrying amount of the IB School's deposits was \$16,424 and the bank balance was \$20,367. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure", as of June 30, 2005, none of the bank balance was exposed to custodial risk as discussed below, while all of the bank balance was covered by the Federal Depository Insurance Corporation.

**UPPER ARLINGTON INTERNATIONAL BACCALAUREATE HIGH SCHOOL  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2005  
(Continued)**

**3. CASH DEPOSITS (Continued)**

Custodial credit risk is the risk that in the event of bank failure, the IB School will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the IB School.

**4. RECEIVABLES**

The amount due from other governments at June 30, 2005 consisted of the IB School's March 2005 state foundation payment, which was not received in cash until September 2005.

**5. CAPITAL ASSETS**

A summary of changes in capital assets for the year ended June 30, 2005, follows:

	<u>Balance, July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2005</u>
Equipment	\$ -	\$3,738	\$ -	\$3,738
Accumulated Depreciation	-	374	-	374
	\$ -	\$3,364	\$ -	\$3,364

**6. RELATED PARTY TRANSACTIONS**

The IB School is a discretely presented component unit of the Upper Arlington City School District. As described in Note 1, the Upper Arlington City School District (sponsor) is the IB School sponsor. The Sponsor and IB School entered into a five-year sponsorship agreement starting July 1, 2004 whereby terms of the sponsorship were established.

In Fiscal year 2005, payments made by the IB School to the Sponsor totaled \$201,331. This represents contract service payment for teaching, use of office space and equipment, and other related services provided by the Sponsor.

**UPPER ARLINGTON INTERNATIONAL BACCALAUREATE HIGH SCHOOL  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2005  
(Continued)**

**7. PURCHASED SERVICES**

During the year ended June 30, 2005, purchased service expenses for services rendered by various vendors were as follows:

Contract Services & Supplies	\$192,930
Other Purchased Services	49,003
IB Association Fees	<u>8,100</u>
Total Purchased Services	<u><u>\$250,033</u></u>

**8. MANAGEMENT PLAN**

For fiscal year 2005, the IB School had an operating loss of (\$138,701), change in net assets of (\$36,478), and ending net assets of \$26,173. However, management fully intends to continue operation of the IB School.

Management is promoting of the availability of IB School through a website and availability of informational pamphlets to eligible students. Since the IB School is based upon a two-year program, enrollment in fiscal year 2005 was limited to only a junior class, while fiscal year 2006 has both juniors and seniors enrolled. Student enrollment has increased from thirty three students in June 2005 to sixty five students enrolled as of March 28, 2006.

**9. CONTINGENCIES**

**A. Grants**

The IB School receives financial assistance from federal agencies in the form of grants. The expenditure 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. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the IB School at June 30, 2005.

**B. Litigation**

A suit was filed in Franklin County Common Pleas Court on May 14, 2001 alleging Ohio's Community (i.e., Charter) school's program violates the state Constitution and state laws. On April 21, 2003, the court dismissed the counts containing constitutional claims and stayed the other counts pending appeal of the constitutional issues. The plaintiffs appealed to the Court of Appeals, the issues have been briefed and the case was heard on November 18, 2003. On August 24, 2004, the Court of Appeals rendered a decision that Community Schools are part of the state public educational system and this matter was sent to the Ohio Supreme Court. The Ohio Supreme Court accepted the appeal from the Court of Appeals for review on February 16, 2005. Oral argument occurred November 29, 2005. The effect of this suit, if any on the IB School is not presently determinable.

UPPER ARLINGTON INTERNATIONAL BACCALAUREATE HIGH SCHOOL  
FRANKLIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2005  
(Continued)

9. CONTINGENCIES (Continued)

C. Full Time Equivalency

The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by community schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. The review for 2004-05 school year occurred and all documentation was found to be in order; however, there still is a potential for an adjustment of year-end payments. The IB School does not anticipate any material adjustments to state funding for fiscal year 2005.



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Upper Arlington International Baccalaureate High School  
Franklin County  
1950 North Mallway  
Upper Arlington, Ohio 43221

To the Board of Directors:

We have audited the basic financial statements of the Upper Arlington International Baccalaureate High School, Franklin County, Ohio, (the IB School), a component unit of the Upper Arlington City School District, as of and for the year ended June 30, 2005, and have issued our report thereon dated March 28, 2006. 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 the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the IB School's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the IB School's management dated March 28, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

**Compliance and Other Matters**

As part of reasonably assuring whether the IB School's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*..

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Upper Arlington International Baccalaureate High School  
Franklin County  
Independent Accountants' Report On Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required By *Government Auditing Standards*  
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We intend this report solely for the information and use of management and the Board of Directors. It is not intended for 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

March 28, 2006



**Auditor of State  
Betty Montgomery**

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800-282-0370

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**UPPER ARLINGTON INTERNATIONAL  
BACCALAUREATE HIGH SCHOOL**

**FRANKLIN 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 4, 2006**