



**EDUCATION ALTERNATIVES COMMUNITY SCHOOL  
CUYAHOGA COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2005**



**Mary Taylor, CPA**  
Auditor of State



**EDUCATION ALTERNATIVES COMMUNITY SCHOOL  
CUYAHOGA COUNTY**

**TABLE OF CONTENTS**

Independent Accountants' Report .....	1
Management's Discussion and Analysis .....	3
Statement of Net Assets as of June 30, 2005.....	7
Statement of Revenues, Expenses, and Changes in Net Assets for the Fiscal Year Ended June 30, 2005 .....	8
Statement of Cash Flows for the Fiscal Year Ended June 30, 2005 .....	9
Notes to the Financial Statements .....	11
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	21
Schedule of Findings.....	23

**This page left intentionally blank**



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Education Alternatives Community School  
Cuyahoga County  
21100 Southgate Park Boulevard  
Maple Heights, Ohio 44137

To the Board of Trustees:

We were engaged to audit the accompanying basic financial statements of the Education Alternatives Community School, Cuyahoga County, Ohio, (the School), 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 School's management.

The School did not provide us with sufficient evidence supporting \$336,842 of expenses Education Alternatives Day Treatment paid on behalf of the School and reported as Loans Payable on the accompanying statement of net assets. Consequently, we were unable to verify the occurrence of these expenses or the existence of this liability.

The School's legal advisor declined to respond to an inquiry concerning litigation filed against the School relating to this loan.

Since the School did not provide the evidence described in the preceding two paragraphs, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2008, 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 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.

Education Alternatives Community School  
Cuyahoga County  
Independent Accountants' Report  
Page 2

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America require. Since we were unable to express an opinion on the basic financial statements, we could not apply certain limited procedures to the required supplementary information. We did not audit the information and express no opinion on it.

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

**Mary Taylor, CPA**  
Auditor of State

April 28, 2008

**EDUCATION ALTERNATIVES COMMUNITY SCHOOL  
CUYAHOGA COUNTY**

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

Our discussion and analysis of Education Alternatives Community School's (the School) financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2005. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the School's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Government issued June 1999.

**FINANCIAL HIGHLIGHTS**

Key Financial Highlights for the School for the 2004-2005 school year are as follows:

Total assets were \$38,053, which was made up of cash and cash equivalents.

Total net assets were (\$640,912).

Total operating revenues were \$478,903. Total operating expenses were \$999,791.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements and the notes to those financial statements. These statements are organized so the reader can understand the financial position of the 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 School. The Statement of Revenues, Expenses, and Changes in Net Assets presents increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. The Statement of Cash Flows reflects how the 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.

**REPORTING SCHOOL AS A WHOLE**

The view of the School as a whole looks at all financial transactions and asks, "How did we do financially during 2005?" The Statement of Net Assets and the Statement of Revenues, Expenses, and Change in Net Assets answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School's net assets and change in those assets. This change in net assets is important because it tells the reader that, for the School as a whole, the financial position of the School has improved or diminished. The cause of this may be the result of many factors, some financial, some not. Non-financial factors include the current laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

EDUCATION ALTERNATIVES COMMUNITY SCHOOL  
CUYAHOGA COUNTY

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

**FINANCIAL ANALYSIS**

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

Table 1 provides a summary of the School's net assets for 2005:

**Table 1**  
**Statement of Net Assets**

	<u>2005</u>
<b>Assets</b>	
Current Assets	\$38,053
<b>Liabilities</b>	
Current Liabilities	\$678,965
<b>Net Assets</b>	
Unrestricted	<u>\$(640,912)</u>

Total assets increased by \$38,053, while total liabilities increased by \$678,965. The negative net assets of \$640,912 in total net assets was primarily due to large accounts payable and the fact that funding from the State for the Public Charter School Program and reimbursement from Medicaid were not received as expected.



**EDUCATION ALTERNATIVES COMMUNITY SCHOOL  
CUYAHOGA COUNTY**

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

As this was the first year of the school's operation, fiscal year 2005 figures are as follows:

**Table 2  
Change in Net Assets**

	<u>2005</u>
<b><u>Operating Revenues</u></b>	
Community Alternative Funding System	\$ 109,919
State Aid	368,897
Other Operating	87
<b>Total Operating Revenues</b>	<b>478,903</b>
<b><u>Operating Expenses</u></b>	
Salaries	367,760
Fringe Benefits	68,071
Purchased Services	396,261
Materials and Supplies	35,509
Other	132,190
<b>Total Operating Expenses</b>	<b>999,791</b>
<b>Operating Gain (Loss)</b>	<b>(520,888)</b>
<b><u>Non-Operating Revenues</u></b>	
Customer Services	1,760,840
Grants	102,981
<b>Total Non-Operating Revenues</b>	<b>1,863,821</b>
<b><u>Non-Operating Expenses</u></b>	
Non-Operating Salaries	1,673,992
Non-Operating Benefits	309,853
<b>Total Non-Operating Expenses</b>	<b>1,983,845</b>
<b>Non-Operating Gain (Loss)</b>	<b>(120,024)</b>
<b>Increase (Decrease) in Net Assets</b>	<b>\$ (640,912)</b>

Operating revenues were \$478,903 while operating expenses were \$999,791.

**EDUCATION ALTERNATIVES COMMUNITY SCHOOL  
CUYAHOGA COUNTY**

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

**CAPITAL ASSETS**

The School had no capital assets as of June 30, 2005.

**DEBT**

At June 30, 2005, Education Alternatives Community School had no long term liabilities.

**BUDGET**

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 Community School's contract with its Sponsor. The contract between the School and its Sponsor; Lucas County Educational Service Center, does not prescribe a budgetary process for Education Alternatives Community School. The School has developed a five-year projection that is reviewed periodically by the Board of Trustees.

**FOR THE FUTURE**

The School changed management companies effective July 21, 2005. See Note 13 for further information.

**CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional information, contact Christine Swartz, Former Education Alternatives Community School Board President, 21100 Southgate Park Blvd., Maple Heights, Ohio 44137.

EDUCATION ALTERNATIVES COMMUNITY SCHOOL  
CUYAHOGA COUNTY

Statement of Net Assets  
As of June 30, 2005

**ASSETS**

**Current Assets**

Cash and Cash Equivalents	\$ 38,053
Total Current Assets	<u>38,053</u>
<b>Total Assets</b>	<u>38,053</u>

**LIABILITIES**

**Current Liabilities**

Accounts Payable	\$ 18,984
Loan Payable	336,842
Intergovernmental Payable	77,955
Accrued Salaries & Benefits	<u>245,184</u>
Total Current Liabilities	<u>678,965</u>
Total Liabilities	<u>678,965</u>
<b>Net Assets</b>	<u>          </u>
Unrestricted	<u>(640,912)</u>

See accompanying notes to the basic financial statements

**EDUCATION ALTERNATIVES COMMUNITY SCHOOL  
CUYAHOGA COUNTY**

**Statement of Revenues,  
Expenses and Changes in Fund Net Assets  
For the Fiscal Year Ended June 30, 2005**

<b><u>Operating Revenues</u></b>	
Community Alternative Funding System	\$ 109,919
State Aid	368,897
Other Operating	87
<b>Total Operating Revenues</b>	<b>478,903</b>
<b><u>Operating Expenses</u></b>	
Salaries	367,760
Fringe Benefits	68,071
Purchased Services	396,261
Materials and Supplies	35,509
Other	132,190
<b>Total Operating Expenses</b>	<b>999,791</b>
<b>Operating Gain (Loss)</b>	<b>(520,888)</b>
<b><u>Non-Operating Revenues</u></b>	
Customer Services	1,760,840
Grants	102,981
<b>Total Non-Operating Revenues</b>	<b>1,863,821</b>
<b><u>Non-Operating Expenses</u></b>	
Non-Operating Salaries	1,673,992
Non-Operating Benefits	309,853
<b>Total Non-Operating Expenses</b>	<b>1,983,845</b>
<b>Non-Operating Gain (Loss)</b>	<b>(120,024)</b>
<b>Increase (Decrease) in Net Assets</b>	<b>(640,912)</b>
<b>Net Assets Beginning of Year</b>	-
<b>Net Assets End of Year</b>	<b>\$ (640,912)</b>

See accompanying notes to the basic financial statements

**EDUCATION ALTERNATIVES COMMUNITY SCHOOL  
CUYAHOGA COUNTY**

**Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2005**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from State of Ohio	\$ 478,816
Cash Received from Other Operating Sources	87
Cash Payments to Suppliers for Goods and Services	(377,277)
Cash Payments to Employees for Services	(331,399)
Cash Payments for Employee Benefits	(62,487)
Cash Payments for Supplies and Materials	(35,509)
Other Cash Payments	(132,190)
Net Cash Used for Operating Activities	<u>(459,959)</u>
 <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Cash Received from Customer Services	1,760,840
Cash Payments to Leased Teachers for Services	(1,498,126)
Cash Payments for Leased Teacher Benefits	(204,524)
Cash Received from Operating Grants	102,981
Cash Received from Education Alternatives Day Treatment	336,842
Cash Flows Provided by Noncapital Financing Activities	<u>498,012</u>
 <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	 38,053
 <b>CASH AND CASH EQUIVALENTS BEGINNING OF YEAR</b>	 <u>-</u>
 <b>CASH AND CASH EQUIVALENTS END OF YEAR</b>	 <u>\$ 38,053</u>
 <b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES</b>	
Operating Loss	(520,888)
 <b>ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES:</b>	
Changes in Liabilities	
Accounts Payable	18,984
Intergovernmental Payable	5,584
Accrued Salaries & Benefits	36,361
Total Changes in Liabilities	<u>60,929</u>
Net Cash Provided by (Used in) Operating Activities	<u>(459,959)</u>

See accompanying notes to the basic financial statements

**This page intentionally left blank.**



**EDUCATION ALTERNATIVES COMMUNITY SCHOOL  
CUYAHOGA COUNTY**

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

**1. DESCRIPTION OF THE REPORTING ENTITY**

Education Alternatives Community School (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 objective is to provide special education services for children in the foster care system and/or are in County custody. The School also provided qualified staff to outside service agencies. Individualized programs are used to meet student's needs. Parents and students are included in all decision-making. 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 Lucas County Educational Services Center (Sponsor) for a period of five years commencing July 13, 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 School operates under the direction of a seven-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 13 non-certified and 49 certified full time teaching personnel, providing services to 37 students. Many of the certified teaching personnel are leased to an outside agency to provide teaching to their students.

**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 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 (FASB) statements and interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. Following are the more significant of the School's accounting policies.

**A. Basis of Presentation**

The 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.

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 and amortization) of providing goods and 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 changes in net assets is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**EDUCATION ALTERNATIVES COMMUNITY SCHOOL  
CUYAHOGA COUNTY**

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

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

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

The accounting and financial reporting treatment is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus, whereas, all assets and all liabilities are included on the Statement of Net Assets. Operating statements present increases (e.g. revenues) and decreases (e.g. expenses) in net total assets.

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The School's financial statements are prepared using the accrual basis of accounting. Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded when the exchange takes place. Revenues resulting from non-exchange transactions, in which the School receive value without directly giving equal value in return, such as grants and entitlements, are recognized in the year when use is first permitted; matching requirements, in which the School must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. Expenses are recognized at the time 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 in addition to preparing a five-year forecast, which is to be updated annually.

**D. Cash and Cash Equivalents**

All monies received by the School are accounted for by the School's fiscal agent, the Ohio Community School Consultants. 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 are temporarily used to purchase short-term investments. Investments of the cash management pool and with original maturities of three months or less at the time they are purchased by the School are considered to be cash equivalents.

**E. Intergovernmental Revenues**

The School currently participates in the State Foundation Program, the Community Alternative Funding Program, Community School Start Up, the State Disadvantaged Pupil Impact Aid (DPIA) Program, and the State Special Education Program, which are reflected under "State Aid" on the Statement of Revenues, Expenses and Changes in Net Assets. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met.

Grants, entitlements, and contributions 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.



**EDUCATION ALTERNATIVES COMMUNITY SCHOOL  
CUYAHOGA COUNTY**

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

**F. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The School presently has no restricted net assets.

**G. Operating Revenues and Expenses**

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

**H. Non-operating Revenues and Expenses**

Non-operating revenues are generated by leasing qualified teachers to outside programs. The expenses associated with these revenues are categorized as non-operating expenses.

**I. Estimates**

The preparation of the 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 those estimates.

**3. CHANGES IN ACCOUNTING PRINCIPLES**

For fiscal year 2005, the School has implemented GASB statement No. 39, "Determining Certain Organizations are Component Units," GASB Statement No. 40, "Deposit and Investment Risk Disclosures," GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation" and GASB Technical Bulletin No. 2004-2, "Recognition of Pension and other Post-employment Benefit Expenditures/Expense and Liabilities by Cost-Sharing Employers."

GASB Statement No. 39 state that entities for which a primary government is not financially accountable may still be reported as component units based on the nature and significance of their relationship with the primary government.

GASB Statement No. 40 establishes disclosure requirements for investment credit risk, interest rate risk, deposit custodial risk and foreign currency risk.

GASB Statement No. 46 clarifies when net assets should be considered restricted based upon enabling legislation.

GASB Technical Bulletin No. 2004-2 addresses the amount that should be recognized as expenditure/expense and as a liability each period by employers participating in a cost-sharing multiple-employer pension and other post employment benefit plans.

The implementation of GASB Statements Nos. 39, 46 and GASB Technical Bulletin No. 2004-2 did not affect the presentation of the financial statements for the School.

**EDUCATION ALTERNATIVES COMMUNITY SCHOOL  
CUYAHOGA COUNTY**

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

**4. DEPOSITS AND INVESTMENTS**

Deposits: The carrying value of the School's deposits totaled \$38,053, and the bank balance totaled \$175,253 all of which was covered by federal depository insurance. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2005, \$48,475 of the School's bank balance of \$175,253 was exposed to custodial risk as discussed below, while \$126,778 of the bank balance was covered by the Federal Deposit Insurance Corporation in four separate accounts.

Custodial credit risk is the risk that, in the event of bank failure, the School's deposits may not be returned. 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 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 School.

**5. RISK MANAGEMENT**

**A. Insurance Coverage**

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 the year ended 2005, the School contracted with the Alliance for Nonprofits for Insurance Risk Retention Group to have the following insurance coverage:

Commercial General Liability per occurrence	\$1,000,000
Commercial General Liability aggregate	3,000,000
Directors' & Officers' Liability aggregate	1,000,000
Improper Sexual Conduct Liability aggregate	750,000
Commercial Liquor Liability aggregate	1,000,000
Social Service Professional Liability aggregate	1,000,000

**B. Workers' 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.

**C. Employee Medical, Dental and Vision Benefits**

The School has contracted through an independent agent to provide employee medical, dental, and vision insurance to its full-time employees who work 40 or more hours per week.



**EDUCATION ALTERNATIVES COMMUNITY SCHOOL  
CUYAHOGA COUNTY**

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

**6. 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 defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to 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 financial report that includes financial statements and required supplementary information. The report may be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (614) 222-5853. It is also posted on SERS' website, [www.ohsers.org](http://www.ohsers.org), under Forms and Publications.

For the fiscal year ended June 30, 2005, plan members were required to contribute 10 percent of their annual covered salary and the School was required to contribute 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 being used to fund health care benefits: for fiscal year 2005, 10.57 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 statutory maximum amounts, by the SERS Retirement Board. The School's required contribution for pension obligation to SERS for fiscal year June 30, 2005 was \$28,066. For 2005, the School contributed \$13,741 and the remainder has been recorded as a payable to State Pension Systems.

**B. State Teachers Retirement Systems (STRS)**

The School participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members, and death and survivor benefits to beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio, 43215-3371 or by calling (614) 227-4090, or by visiting the STRS of Ohio web site at [www.strsohio.org](http://www.strsohio.org).

New members have a choice of three retirement plan options, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by members. A member is eligible to receive a retirement benefit at age 50 and termination of employment.

The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

**EDUCATION ALTERNATIVES COMMUNITY SCHOOL  
CUYAHOGA COUNTY**

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

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

**B. State Teachers Retirement Systems (STRS) (Continued)**

Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal year ended June 30, 2005, members were required to contribute 10 percent of their annual covered salary and the School is required to contribute 14%; 13% 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. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School's required contributions for pension obligations to the DB Plan for the year ended June 30, 2005 was \$199,116. For 2005, the School contributed \$164,220 and the remainder has been recorded as a payable to State Pension Systems.

**7. POSTEMPLOYMENT BENEFITS**

The School provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio), 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 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 STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14% of covered payroll. For the fiscal year ended June 30, 2005, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School, this amount equaled \$15,393 during fiscal year 2005.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2005, the balance in the Fund was 3.3 billion. For the fiscal year ended June 30, 2005, net health care costs paid by STRS were \$ 254,780,000 and STRS had 115,395 eligible benefit recipients.



**EDUCATION ALTERNATIVES COMMUNITY SCHOOL  
CUYAHOGA COUNTY**

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

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility and retirement status. A safety net is in place for retirees whose household income falls below federal poverty levels. Premiums are reduced by 50 percent for those who apply.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. At June 30, 2005, the healthcare allocation is 3.43 percent. 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 2005, the minimum pay was established at \$27,400. For the School, the amount to fund health care benefits, including surcharges, during 2005 was \$13,154.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expense for health care for the fiscal year ended June 30, 2005, were \$178,221,113 and the target level was \$335.2 million. At June 30, 2004, SERS had net assets available for payment of health care benefits of \$267.5 million. SERS has 58,123 participants currently receiving health care benefits.

**8. PENSION AND POSTEMPLOYMENT**

**A. Pension**

The pension obligation amounts in Note 6 are calculated from the covered payroll through June 30, 2005. The covered payroll total for these calculations does not include the payroll accrued for the three pay periods after June 30, 2005.

**B. Postemployment**

The postemployment obligation amount in Note 7 was calculated from the covered payroll through June 30, 2005. The covered payroll total for these calculations does not include the payroll accrued for the three pay periods after June 30, 2005. The obligation includes the surcharge of \$4,046.

**EDUCATION ALTERNATIVES COMMUNITY SCHOOL  
CUYAHOGA COUNTY**

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

**9. SCHOOL FUNDING**

The Ohio Department of Education conducts reviews of enrollment and full-time equivalency (FTE) calculations made by the 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 conclusion of this review could result in state funding being adjusted. As of the date of this report, adjustments to the state funding received for fiscal year 2005 included an overpayment of \$6,278.

**10. CONTINGENCIES**

**A. Grants**

The School receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the School. 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, 2005.

**B. Litigation**

A lawsuit entitled Beverly Blount-Hill, et al. v. State of Ohio, et al., Case #: 3:04CV197 was filed in the U.S. District Court, Southern District of Ohio, Western Division in October 2004. The suit alleges that the funding provision of the Ohio Community Schools Act, O.R.C. Section 3314, violate both the Ohio and Federal constitutions. If the funding scheme is determined to be unconstitutional, it could have financial ramifications for all community/charter schools. The case is still currently pending, and the effect of this suite, if any, on the Education Alternatives Community School cannot presently be determined.

**EDUCATION ALTERNATIVES COMMUNITY SCHOOL  
CUYAHOGA COUNTY**

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

**11. PURCHASED SERVICES**

For the period July 1, 2004 through June 30, 2005, purchased service expenses were payments for services rendered by various vendors, as follows:

	<u>Purchased Services</u>
Professional and Technical Services	\$ 168,265
Property Services	90,134
Travel	129
Communications	27
Contracted Craft or Trade Services	2,847
Pupil Transportation Services	<u>134,859</u>
Total Purchased Services	<u>\$ 396,261</u>

**12. TAX EXEMPT STATUS**

The School was approved under § 501(c)(3) of the Internal Revenue Code as a tax exempt organization. Management is not aware of any course of action or series of events that might adversely affect the School's tax exempt status.

**13. SUBSEQUENT EVENTS**

As the School was not financially viable, the Board, with approval from the Sponsor, agreed to transfer the charter for use by Mosaica Education Inc. (a management company looking for a charter in the NE Ohio area) effective July 21, 2005. Per the Sponsor, Mosaica Education Inc., would be permitted to use the charter, so long as the community school it would cover retained the name "Education Alternatives Community School". All Board members originally with the School have resigned and the school is currently governed by a new Board, yet retains the original name. Due to the capitalization by Education Alternatives Day Treatment, it was agreed that Mosaica would repay Education Alternatives Day Treatment \$350,000, so long as Education Alternatives Day Treatment fulfilled the employee contracts through their last payroll (8-12-05), including benefits and other outstanding obligations. Education Alternatives Day Treatment paid the salaries and benefits of the employees as well as the Accounts Payable, Loan Payable and Intergovernmental Payable owed on behalf of the School.



**EDUCATION ALTERNATIVES COMMUNITY SCHOOL  
CUYAHOGA COUNTY**

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

**14. RELATED PARTY TRANSACTIONS**

The School is a related organization to Education Alternatives Day Treatment, a non-profit organization. Education Alternatives Day Treatment is a day treatment center providing services to traditional school districts in the northeast area of Ohio. A description of the School's relationship with these entities follows.

Two of the seven EACS Board members were Education Alternatives Day Treatment employees. Some EACS teachers are leased to Education Alternatives Day Treatment to provide teaching services to its special needs students. EACS students that were in need of a more restrictive special education environment were placed at one of the Education Alternatives Day Treatment's facilities (under the same guidelines of any other public school placement). The School leases space from Education Alternatives Day Treatment. Education Alternatives Day Treatment also provides management services to the School at no charge.

The School Board sets its own budget, hires/terminates personnel, and authorizes all expenditures.

Related party transactions with Education Alternatives Day Treatment were as follows:

At June 30, 2005, total amounts due and payable to Education Alternatives Day Treatment were \$678,965.

**15. LOAN PAYABLE**

During fiscal 2005, the School borrowed \$336,842 from Education Alternatives Day Treatment. Monies were used for operating expenses. As of June 30, 2005 there was no repayment schedule.

**16. INTERGOVERNMENTAL PAYABLE**

As of June 30, 2005, the School owed STRS \$49,659 comprised of an employer obligation of \$37,851 and employee monies withheld, but not yet paid, of \$12,078. For SERS, the School owed \$23,020. The employer obligation was \$18,974 and the employee monies withheld, but not yet paid were \$5,276. Also owed to SERS was the surcharge of \$4,046.

**17. ACCRUED SALARIES AND BENEFITS**

On June 30, 2005, the School accrued the salaries and benefits payable to employees for services rendered prior to June 30, 2005. This is comprised of both operating and non-operating amounts.





# Mary Taylor, CPA

Auditor of State

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

Education Alternatives Community School  
Cuyahoga County  
21100 Southgate Park Boulevard  
Maple Heights, Ohio 44137

To the Board of Trustees:

We were engaged to audit the financial statements of the Education Alternatives Community School, Cuyahoga County, Ohio, (the School) as of and for the year ended June 30, 2005, which comprise the School's basic financial statements and have issued our report thereon dated April 28, 2008. We disclaimed opining on these financial statements because of the School's inability to provide sufficient evidence supporting the occurrence of \$336,842 recorded as expenses and the existence of a similar amount recorded as loans payable. Our report indicated that the School's legal advisor declined to respond to an inquiry concerning litigation against the School.

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

In planning and performing our engagement, we considered the 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. However, we noted certain matters involving internal control over financial reporting and its operation that we considered 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 management's assertions in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2005-004 through 2005-006.

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 which, we were engaged to audit, may occur and not be timely detected by employees when 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 material weaknesses. We considered reportable conditions 2005-004 and 2005-005 listed above to be material weaknesses.

**Compliance and Other Matters**

As part of reasonably assuring whether the 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 instances of noncompliance and other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2005-001 through 2005-003.

We intend this report solely for the information and use of management and the Board of Trustees. It is not intended for anyone other than these specified parties.

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

**Mary Taylor, CPA**  
Auditor of State

April 28, 2008

**EDUCATION ALTERNATIVES COMMUNITY SCHOOL  
CUYAHOGA COUNTY  
FOR THE YEAR ENDED JUNE 30, 2005**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

Even though the School transferred its community school contract in July 2005, recommendations are included should the School obtain a new contract and reopen.

<b>FINDING NUMBER</b>	<b>2005-001</b>
-----------------------	-----------------

**Financial Report Filing**

Ohio Revised Code Section 117.38 provides that each public office shall file a financial report for each fiscal year, within one hundred and fifty days for entities reporting on a GAAP basis. 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; and
- Amount of expenditures for each purpose.

Ohio Administrative Code Section 117-2-03 (B) further clarifies the filing requirements of Ohio Revised Code Section 117.38. This section provides that all 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:

- Management's Discussion and Analysis;
- 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 did file its financial statements for the year ended June 30, 2005, but the filed report was late and did not contain all of the required elements.

We recommend the Academy 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 Academy may be assessed a late filing penalty.

**EDUCATION ALTERNATIVES COMMUNITY SCHOOL  
CUYAHOGA COUNTY  
FOR THE YEAR ENDED JUNE 30, 2005**

(Continued)

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

<b>FINDING NUMBER</b>	<b>2005-002</b>
-----------------------	-----------------

**Five-Year Revenue and Expenditure Projection**

Ohio Revised Code Section 3314.03(A)(15) provides the School is required to prepare a financial plan detailing an estimated school budget for each year of the period of the contract and specify the total estimated per pupil expenditure amount for each such year. The plan shall specify the yearly base formula amount that will be used for purposes of funding calculations under section 3314.08 of the Ohio Revised Code. This base formula amount for any year shall not exceed the formula amount defined under section 3317.02 of the Revised Code. The plan may also specify for any year a percentage figure to be used for reducing the per pupil amount of the subsidy calculated pursuant to section 3317.029 of the Revised Code the school is to receive that year under 3314.08 of the Revised Code.

Although we had evidence of the development of a five year forecast, the projected per pupil expenditure amount and the yearly base formula amount used for funding calculations were missing. Consequently, a verification of the accuracy of the forecast could not be completed. Also, we could locate no evidence of the Academy management's approval of the five year forecast. This could lead to unplanned future deficits and unsubstantiated projections being relied upon for operating purposes.

We recommend the Academy review the requirements of Ohio Revised Code Section 3314.03 and take the necessary steps to meet this requirement, including obtaining the approval of the governing board and reviewing the appropriateness of the amounts included in the estimated budget.

<b>FINDING NUMBER</b>	<b>2005-003</b>
-----------------------	-----------------

**Estimated School Budget**

Section 2 point EE of the Sponsorship Agreement entered into between the Governing Board of the School and the Lucas County Educational Service Center requires the School prepare a financial plan detailing an estimated school budget for each fiscal year of the agreement. On or about June 30<sup>th</sup>, the School is required to submit, to the sponsor, a revised school budget. All projected and actual revenues and expenses must be included in the budget and projected expenses must include the total estimated per pupil expenditure amount for each year.

No evidence was provided to support the submission of the revised budget to the Sponsor as required. In addition, we could locate no evidence of the approval of the annual budget by the management of the Academy.

We recommend the Board of Trustees of the School take the necessary steps to ensure compliance with this requirement of the Sponsorship agreement.

**EDUCATION ALTERNATIVES COMMUNITY SCHOOL  
CUYAHOGA COUNTY  
FOR THE YEAR ENDED JUNE 30, 2005**

(Continued)

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

<b>FINDING NUMBER</b>	<b>2005-004</b>
-----------------------	-----------------

**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;
- Comparison of financial statement position with financial projections and other internally prepared projections of financial position and operating results;
- Comparison of predefined key performance indicators based on the financial statements;
- 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;
- Review of monthly bank reconciliations by someone independent of their preparation;
- Review payroll reports to the payroll checks prepared; and
- Board approval of hiring and salary and/or wage amounts prior to the individual being added to the payroll records and system.

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 irregularities occurring in financial transactions affecting the bank reconciliations which go undetected.

We recommend that management prepare monthly financial statements and submit them to the Board at each regularly scheduled meeting. The Board should then review these financial statements and when satisfied as to their accuracy 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 accurately 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.

**EDUCATION ALTERNATIVES COMMUNITY SCHOOL  
CUYAHOGA COUNTY  
FOR THE YEAR ENDED JUNE 30, 2005**

(Continued)

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

<b>FINDING NUMBER</b>	<b>2005-005</b>
-----------------------	-----------------

**Condition of Accounting Records**

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. Also, management is responsible for developing and maintaining complete and accurate financial records. In lieu of complete and accurate financial records, we noted that the records consisted of the following: monthly bank statements, some canceled checks, some invoices which were received from vendors for items purchased, ADP records of most payrolls, and GAAP basis financial statements;

- Also, the files of canceled checks were incomplete;
- There was no evidence of the Board reviewing or approving any of the financial activity of the School; and,
- Monies deposited were commingled and these funds were not identified on individual receipt records.

We recommend 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;
- 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 (if invoices are not filed with the canceled checks);
- Files of all canceled checks returned from the bank;
- 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; and,
- Evidence of review of the financial statements and supporting documentation by the Board and management.
- A list of transactions supporting \$336,842 which Education Alternatives Day Treatment paid on behalf of, and requests reimbursement from, the School. The financial statements report this amount as a Loan Payable.

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.

**EDUCATION ALTERNATIVES COMMUNITY SCHOOL  
CUYAHOGA COUNTY  
FOR THE YEAR ENDED JUNE 30, 2005**

(Continued)

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

<b>FINDING NUMBER</b>	<b>2005-006</b>
-----------------------	-----------------

**Disaster Recovery Plan**

There was no evidence that the School has a written disaster recovery plan addressing the steps to be taken in the event of a disaster. Lack of a comprehensive disaster recovery plan could result in the School's inability to effectively and efficiently respond to a disaster. Without testing of the disaster recovery plan, there is an increased risk that in the event of a disaster, the plan may not work as intended, increasing the risk of loss or the untimely recovery of data processing services.

We recommend that management develop a written disaster recovery plan (contingency procedures) to offset the impact of a loss of critical applications or computer facilities. Such procedures should be established based upon the maximum outage tolerances for critical applications. School personnel should understand their responsibilities as outlined in the plan and should have the plan readily accessible.

We did not receive a response from the official's to the findings reported above.







**Mary Taylor, CPA**  
Auditor of State

**EDUCATION ALTERNATIVES COMMUNITY 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 13, 2008**