



**PHOENIX VILLAGE ACADEMY P2  
CUYAHOGA COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2008**



**Mary Taylor, CPA**  
Auditor of State



**PHOENIX VILLAGE ACADEMY PRIMARY 2  
CUYAHOGA COUNTY  
TABLE OF CONTENTS**

Independent Accountants' Report .....	1
Management's Discussion and Analysis .....	3
Statement of Activity as of June 30, 2008 .....	7
Balance Sheet for the Fiscal Year Ended June 30, 2008 .....	10
Statement of Cash Flows for the Fiscal Year Ended June 30, 2008.....	12
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	13
Schedule of Findings .....	15
Schedule of Prior Audit Findings .....	33

**This page intentionally left blank.**



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Phoenix Village Academy P2  
Cuyahoga County  
3120 Euclid Avenue  
Cleveland, Ohio 44115

To the Board of Trustees:

We have audited the accompanying basic financial statements of the Phoenix Village Academy P2, Cuyahoga County, Ohio (the Academy), as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the Academy's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 that our audit provides a reasonable basis for our opinion.

The Academy did not provide records of capital assets owned, failed to maintain original supporting documentation which itemized and identified capital assets purchased and failed to include any deletions and depreciation.

The Academy did not provide employee employment contracts to us to support salaries paid to employees.

The Academy failed to provide documentation of short term notes receivable from Phoenix Village Academy S2; Phoenix Village Academy S1 and Phoenix Village Academy P1. Therefore, we were unable to obtain evidence supporting the existence and rights and obligations related to these receivables.

The Academy failed to provide documentation of accounts payable and short term loans payable to ASHE Culture Center. Therefore, we were unable to obtain evidence supporting the existence and rights and obligations related to these payables.

The Cash Flow Statement was reported in the indirect format rather than the direct format.

The Academy did not present notes to the financial statements as required by the Governmental Accounting Standards.

In our opinion, except for any possible effects of adjustments we may have required related to capital assets, short term notes receivable, accounts payable and short term loans payable as we might have determined to be necessary if evidence were available, as noted in paragraphs three through six above, and except for the omission of note disclosures and cash flow information described in paragraphs seven and eight, the financial statements referred to above present fairly, in all material respects, the financial position of the Phoenix Village Academy P2, as of June 30, 2008, 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.

The Academy incurred an operating loss of \$42,420 during the year ended June 30, 2008.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2009, on our consideration of the Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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 accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. We did not audit the information and express no opinion on it. However, we noted that certain amounts that should have been derived from the basic financial statements did not agree to the amounts reported in the statements.



**Mary Taylor, CPA**  
Auditor of State

November 20, 2009

Phoenix Village Academy P-2  
A Community School  
Cuyahoga County

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008

The discussion and analysis of the Phoenix Village Academy's (the Academy's) financial performance provides an overall review of the Academy's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the Academy'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 Academy's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the 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 Governments* issued June 1999.

The School received permission to open the school in early 2006, but the school did not open until November of 2005. The school only received startup funding in April of 2006 and this was the only funding Phoenix Village Academy P-2 received in fiscal year 2006.

**Financial Highlights**

- In total, net assets were \$ 70,937.34 as of June 30, 2008.
- The increase in total assets was \$33,872.00 from 2007.

**Using this Financial Report**

This financial report contains the basic financial statements of the Academy, as well as the Management's Discussion and Analysis and notes to the basic financial statements. The basic financial statements include a statement of net assets, a statement of revenues, expenses and changes in net assets, and a statement of cash flows. As the Academy reports its operations using enterprise fund accounting, all financial transactions and accounts are reported as one activity, therefore the entity wide and the fund presentation information is the same.

Phoenix Village Academy P-2  
A Community School  
Cuyahoga County

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008

Statement of Net Assets

The statement of net assets answers the questions, "How did we do financially during the fiscal year?" This statement includes all assets and liabilities, both financial and capital, and short-term and long-term, using the accrual basis of accounting and the economic resources focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when cash is received or paid.

This statement reports the Academy's net assets and changes in them. The change in net assets provides the reader a tool in determining whether the Academy's financial health is improving or deteriorating. The reader will need to consider other nonfinancial factors such as state revenue, student enrollment growth, and facility conditions in arriving at their conclusion regarding the overall health of the Academy.

Table 1 provides a summary of the Academy's net assets for fiscal years 2007 and 2008.

	<u>2008</u>	<u>2007</u>
Current Assets	\$40,623.45	\$48,057.14
Capital Assets, Net	<u>\$76,999.49</u>	<u>\$35,694.00</u>
Total Assets	\$117,622.94	\$83,751.14
Current Liabilities	<u>\$46,685.60</u>	<u>\$52,017.52</u>
Total Liabilities	\$46,685.60	\$52,017.52
Net Assets:		
Unrestricted	\$76,999.00	\$35,694.00
Increase in Net Assets	(6,061.66)	<u>0</u>
Total Net Assets	<u>\$ 70,937.34</u>	<u>\$83,751.14</u>

Net Assets of the Academy were \$ 70,937



Phoenix Village Academy P-2  
A Community School  
Cuyahoga County

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008

Table 2 shows the changes in net assets for the fiscal years ended June 30, 2008 and 2007, as well as revenues and expenses.

Table 2  
Changes in Net Assets

	<u>2008</u>	<u>2007</u>
Operating Revenues:		
Startup Grant / Federal Grant	\$104,460.00	\$195,540.00
State Funding	<u>\$285,741.00</u>	<u>\$305,096.00</u>
Total Revenues	\$390,201.00	\$ 500,636.00
Operating Expenses:		
Purchased Services	\$255,396.48	\$254,592.00
Salaries & Wages	\$99,689.28	\$153,635.14
Materials & Supplies	\$26,019.45	\$21,409.00
Fringe Benefits	\$36,656.31	\$49,592.00
Capital Outlay	\$2,554.56	\$63,790.00
Depreciation Expense	<u>\$21,855.00</u>	<u>\$12,737.00</u>
Total Expenses	\$442,171.08	\$558,052.44
Change in Net Assets	-\$19,306.98	\$-57,416.34

**Capital Assets**

The Academy will maintain a capitalization threshold of \$1,000.00. The Academy will purchase capital assets once the school opens with federal funds if awarded the competitive grant it applied for.

**Restrictions and Other Limitations**

The future financial stability of the Academy is not without challenges.

Phoenix Village Academy P-2  
A Community School  
Cuyahoga County

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008

The first challenge is the state economy. The Academy does not receive any funds from taxes. The primary source of funding is the state foundation program. An economic slowdown in the state could result in budgetary cuts to education, which would have a negative impact on the Academy.

The second challenge facing the Academy is the future of state funding. On October 6, 2004, a suit was filed in the US District Court challenging the funding of charter schools under Equal Protection, Due Process and claims violation of a right to vote on the bodies administering public schools. The Academy is unable to determine what effect, if any, this suit might have on future funding from the State.

**Contacting the Academy**

This financial report is designed to provide a general overview of the finances of the Phoenix Village Academy P-2 and to show the Academy's accountability for the monies it receives to all vested and interested parties, as well as meeting the annual reporting requirements of the State of Ohio. Any questions about the information contained within this report or requests for additional financial information should be directed to Phoenix Village Academy P-2, Attn: Treasurer, 3122 Euclid Ave. Cleveland, Ohio 44113.

# Phoenix Villiage Academy P2

## Statement of Activity

July 2007 through June 2008

Jul '07 - Jun 08

Ordinary Income/Expense

Income

1400 - Local Sources

1290 - Other Misc. Receipts 39,803.10

Total 1400 - Local Sources 39,803.10

3000000 - State Funding

EMIS 600.00

311001 - Formula Kindergarten 0.00

311002 - Formula Grades 1-12 228,170.03

311003 - Intervention Aid 2,209.56

311005 - Professional Development Aid 576.87

311006 - All Day Kindergarten 0.00

311007 - Dropout Preventiona Aid 3,246.98

311009 - Community Outreach Aid 3,285.66

311011 - Special Education 12,792.57

311012 - CTA 2,893.20

311013 - Parity Aid 20,742.89

311016 - Classroom Learning Opportunitie 27,039.55

311017 - Audit Final -15,216.31

Total 3000000 - State Funding 286,341.00

4000 - Federal Sources

4210 - Restricted Grants-in-Aid (Fed) ✓ 104,460.00

Total 4000 - Federal Sources 104,460.00

Total Income 430,604.10

Expense

400 Purchased Services

Governance/Admin 19,000.00

Instruction 4,568.00

Prof Development 3,300.00

Support Services 80,450.00

Total 400 Purchased Services 107,318.00

500 Supplies

Instruction 24,274.49

Total 500 Supplies 24,274.49

600 Capital Outlay

Instruction -1,530.00

Support Services 36,221.50

Total 600 Capital Outlay 34,691.50

# Phoenix Villiage Academy P2

## Statement of Activity

July 2007 through ~~June 2008~~  
Jul 07 - Jun 08

<b>1000261 · Employer P/R Taxes</b>	
1000213 · Medicare	1,406.31
1000259 · Unemployment	3,354.12
1000261 · Employer P/R Taxes - Other	0.00
<b>Total 1000261 · Employer P/R Taxes</b>	<b>4,760.43</b>
<b>5000000 · Salaries and Wages</b>	
1100000 · Regular Instruction	
1190111 · Classroom Teachers	816.65
<b>Total 1100000 · Regular Instruction</b>	<b>816.65</b>
3120141 · Foodservice Salaries	68.70
5000000 · Salaries and Wages - Other	98,691.87
<b>Total 5000000 · Salaries and Wages</b>	<b>99,577.22</b>
<b>6000000 · Fringe Benefits</b>	
Health Ins.	0.00
1000211 · STRS-Employers' Share	2,134.52
1000212 · STRS-Pickup	992.25
1000221 · SERS-Employers' Share	13,384.24
1000222 · SERS-Pickup	0.00
1000240 · Health Ins.	17,714.04
1000252 · Life & Long-term Disability Ins	0.00
<b>Total 6000000 · Fringe Benefits</b>	<b>34,225.05</b>
66000 · Payroll Expenses	190.76
<b>7000000 · Purchased Services</b>	
1000410 · Professional & Technical	4,551.02
1000412 · Staff Development & Training	2,362.50
1000415 · Other Contract Services	73,796.59
1000440 · Communications	2,409.05
1000446 · Advertising	1,400.00
3100410 · Food Service Contract Services	21,289.70
3100999 · Misc.	6,011.73
<b>5200 · Facility Maintenance</b>	
5200422 · Trash removal	97.97
5200423 · Contract Repair & Maintenance	5,335.92
5200425 · Lease-School Site	30,056.17
<b>Total 5200 · Facility Maintenance</b>	<b>35,490.06</b>
7000000 · Purchased Services - Other	16,052.09
<b>Total 7000000 · Purchased Services</b>	<b>163,362.74</b>
<b>8000000 · Materials &amp; supplies</b>	
1000511 · Instructional Supplies	1,637.61

Phoenix Villiage Academy P2

Statement of Activity

July 2007 through June 2008

	<u>Jul 07 - Jun 08</u>
2420512 - Office Supplies	470.36
3100560 - Food, Supplies & Materials	0.00
Total 8000000 - Materials & supplies	<u>2,107.97</u>
9500000 - Other miscellaneous	2,515.67
Total Expense	<u>473,023.83</u>
Net Ordinary Income	-42,419.73
Other Income/Expense	
Other Expense	
4500 - Sponsorship fees	1,567.02
Total Other Expense	<u>1,567.02</u>
Net Other Income	<u>-1,567.02</u>
Net Income	<u><u>-43,986.75</u></u>

## Phoenix Villiage Academy P2

## Balance Sheet

As of June 30, 2008

Jun 30, 08

## ASSETS

## Current Assets

## Checking/Savings

## 1000 - Cash

Federal Fund 137.54 ✓

100001 - General Fund (464073538) 1,371.94

100003 - Payroll Account 2,039.85

100004 - Petty Cash (46044467447) 287.33 ✓

Total 1000 - Cash 3,836.66

Total Checking/Savings 3,836.66

## Other Current Assets

SERS Excess Withholdings 5,000.00

Short Term Loan to PVA S2 2,000.00

Short Term Receivable S1 14,697.50

Short Term Reeviable P1 12,089.29Total Other Current Assets 33,785.79

Total Current Assets 37,623.45

## Fixed Assets

## 1650 - Equipment

165001 - Office Equipment 6,000.00

165002 - Instructional Equipment 104,949.99

1650 - Equipment - Other 4,458.92Total 1650 - Equipment 115,408.91Total Fixed Assets 115,408.91TOTAL ASSETS 153,032.36

## LIABILITIES &amp; EQUITY

## Liabilities

## Current Liabilities

## Accounts Payable

2100 - Accounts payable 47,209.59

Total Accounts Payable 47,209.59

## Other Current Liabilities

Short Term Loan Ashe Culture Ce 38,500.00

## 2200 - Accrued expenses

220002 - Accrued wages & benefits 1,012.28

Total 2200 - Accrued expenses 1,012.28

Phoenix Villiage Academy P2

Balance Sheet

As of June 30, 2008

Jun 30, 08

<b>2300 - Payroll Liabilities</b>	
230001 - Federal withholding taxes	787.92
230004 - FICA & Medicare	316.02
230008 - Unemployment	775.27
230017 - Cleveland	724.82
<b>Total 2300 - Payroll Liabilities</b>	<u>2,604.03</u>
<b>2350 - Intergovernmental Payables</b>	
235003 - OH withholding	753.80
<b>Total 2350 - Intergovernmental Payables</b>	<u>753.80</u>
<b>Total Other Current Liabilities</b>	<u>42,870.11</u>
<b>Total Current Liabilities</b>	<u>90,079.70</u>
<b>Total Liabilities</b>	90,079.70
<b>Equity</b>	
280000 - Fund Balance	30,000.00
280001 - Opening Bal Equity	120,728.08
280002 - Retained Earnings	-50,629.34
Net Income	-37,146.08
<b>Total Equity</b>	<u>62,952.66</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>153,032.36</u></u>

**Phoenix Villiage Academy P2**  
**Statement of Cash Flows**  
 July 2007 through June 2008

	<u>Jul '07 - Jun 08</u>
<b>OPERATING ACTIVITIES</b>	
Net Income	-37,146.08
Adjustments to reconcile Net Income to net cash provided by operations:	
Short Term Loan to PVA S2	-1,600.00
Short Term Receivable S1	-10,700.00
Short Term Reeivable P1	8,549.79
2100 · Accounts payable	36,992.07
Short Term Loan Ashe Culture Ce	-3,000.00
2200 · Accrued expenses:220002 · Accrued wages & benefits	1,012.28
2300 · Payroll Liabilities:230001 · Federal withholding taxes	787.92
2300 · Payroll Liabilities:230004 · FICA & Medicare	316.02
2300 · Payroll Liabilities:230008 · Unemployment	775.27
2300 · Payroll Liabilities:230017 · Cleveland	724.82
2350 · Intergovernmental Payables:235003 · OH withholding	753.80
Net cash provided by Operating Activities	-2,534.11
<b>INVESTING ACTIVITIES</b>	
1650 · Equipment:165002 · Instructional Equipment	-63,160.49
Net cash provided by Investing Activities	-63,160.49
<b>FINANCING ACTIVITIES</b>	
250001 · Opening Bal Equity	51,510.70
Net cash provided by Financing Activities	51,510.70
Net cash increase for period	-14,183.90
Cash at beginning of period	18,020.56
Cash at end of period	3,836.66





# 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*

Phoenix Village Academy P2  
Cuyahoga County  
3120 Euclid Avenue  
Cleveland, Ohio 44115

To the Board of Trustees:

We have audited the basic financial statements of Phoenix Village Academy P2, Cuyahoga County, Ohio (the Academy) as of and for the year ended June 30, 2008, and have issued our report thereon dated November 20, 2009, wherein we noted the Academy failed to provide records of capital assets owned, failed to provide employee employment contracts of salary amounts, failed to provide documentation for short term notes receivables, failed to provide documentation for accounts payable and short term loans payable, failed to report cash flows in the direct format, omitted all applicable note disclosures and incurred an operating loss of \$42,420. 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 Academy's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Academy's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Academy's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Academy's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Academy's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider findings 2008-010 through 2008-017 described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Academy's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. Of the significant deficiencies described above, we believe findings 2008-010 through 2008-014 are also material weaknesses

We also noted certain internal control matters that we reported to the Academy's management in a separate letter dated November 20, 2009

#### **Compliance and Other Matters**

As part of reasonably assuring whether the Academy'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 or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2008-001 through 2008-015.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Academy's management in a separate letter dated November 20, 2009.

We intend this report solely for the information and use of management, Board of Trustees, and the Community School's sponsor. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

November 20, 2009

**PHOENIX VILLAGE ACADEMY P2  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2008**

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

<b>FINDING NUMBER</b>	<b>2008-001</b>
-----------------------	-----------------

**Finding for Recovery**

Ohio Rev. Code Section 3314.03(A)(11)(d) requires that each contract entered into between a sponsor and the governing authority of a community school shall specify that the school will comply with Section 149.43 of the Ohio Rev. Code. Ohio Rev. Code Section 149.43(B) states, in part, that all public records shall be promptly prepared and made available for inspection to a person at all reasonable times during regular business hours. In order to facilitate broader access to public records, public offices shall maintain public records in a manner that they can be made available for inspection in accordance with this division.

During fiscal year 2008, the Academy issued the following payments to the ASHE Culture Center which were unsupported and the Academy did not provide supporting documentation for these payments.

1. On July 13, 2007, check number 15, paid from the payroll account, in the amount of \$1,500 was issued and authorized by Edward Dudley, Treasurer, as payment to ASHE Culture Center. This check was unsupported and we could not determine the purpose of this expenditure.
2. On February 25, 2008, check number 1064 in the amount of \$50,000 was issued and authorized by Edward Dudley, Treasurer, was unsupported and we could not determine the purpose of the expenditure.

Without appropriate support documentation it is not possible to determine if the expenditure included items that would not be considered a proper public purpose. The failure to maintain adequate support for these expenditures could result in a loss of accountability over the Academy's finances, making it difficult to identify errors which could go undetected, and possibly result in expenditures that are not for a proper public purpose.

**PHOENIX VILLAGE ACADEMY P2  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2008  
(Continued)**

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

<b>FINDING NUMBER</b>	<b>2008-001</b>
-----------------------	-----------------

**Finding for Recovery (Continued)**

In accordance with the foregoing facts and pursuant to Ohio Revise Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against ASHE Culture Center, Sponsor, in the amount of \$51,500 and in favor of Phoenix Village Academy P2.

Additionally, under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is liable for the amount of such expenditure. *Seward v. National Surety Co.* (1929), 120 Ohio St. 47; 1980 Op. Att’y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex. rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att’y Gen. No. 80-074.

Accordingly, Edward Dudley, Treasurer, will be liable in the amount of \$51,500 to the extent that recovery is not obtained from ASHE Culture Center, Sponsor, and in favor of Phoenix Village Academy P2.

<b>FINDING NUMBER</b>	<b>2008-002</b>
-----------------------	-----------------

**Finding for Recovery**

Ohio Rev. Code Section 3314.03(A)(11)(d) requires that each contract entered into between a sponsor and the governing authority of a community school shall specify that the school will comply with Section 149.43 of the Ohio Rev. Code. Ohio Rev. Code Section 149.43(B) states, in part, that all public records shall be promptly prepared and made available for inspection to a person at all reasonable times during regular business hours. In order to facilitate broader access to public records, public offices shall maintain public records in a manner that they can be made available for inspection in accordance with this division.

During fiscal year 2008, the Academy issued the following payments to the Greater Educational Services Center which were unsupported and the Academy did not provide supporting documentation for these payments.

1. On July 13, 2007, check number 2092 in the amount of \$4,919.72 was issued and authorized by Edward Dudley, Treasurer, and was unsupported and we could not determine the purpose of the expenditure.
2. On September 13, 2007, check number 2116 in the amount of \$522.35 was issued and authorized by Edward Dudley, Treasurer, and was unsupported and we could not determine the purpose of the expenditure.

**PHOENIX VILLAGE ACADEMY P2  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2008  
(Continued)**

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

<b>FINDING NUMBER</b>	<b>2008-002</b>
-----------------------	-----------------

**Finding for Recovery (Continued)**

3. On October 5, 2007, check number 2130 in the amount of \$1,018.11 was issued and authorized by Edward Dudley, Treasurer, and was unsupported and we could not determine the purpose of the expenditure.
4. On November 15, 2007, check number 2148 in the amount of \$731.88 was issued and authorized by Edward Dudley, Treasurer, and was unsupported and we could not determine the purpose of the expenditure.
5. On January 12, 2008, check number 2172 in the amount of \$731.03 was issued and authorized by Edward Dudley, Treasurer, and was unsupported and we could not determine the purpose of the expenditure.
6. On January 20, 2008, check number 2202 in the amount of \$762.06 was issued and authorized by Edward Dudley, Treasurer, and was unsupported and we could not determine the purpose of the expenditure.
7. On February 8, 2008, check number 2186 in the amount of \$740.26 was issued and authorized by Edward Dudley, Treasurer, and was unsupported and we could not determine the purpose of the expenditure.
8. On May 9, 2008, check number 2228 in the amount of \$783.84 was issued and authorized by Edward Dudley, Treasurer, and was unsupported and we could not determine the purpose of the expenditure.
9. On June 10, 2008, check number 2250 in the amount of \$785.24 was issued and authorized by Edward Dudley, Treasurer, and was unsupported and we could not determine the purpose of the expenditure.

Without appropriate support documentation it is not possible to determine if the expenditure included items that would not be considered a proper public purpose. The failure to maintain adequate support for these expenditures could result in a loss of accountability over the Academy's finances, making it difficult to identify errors which could go undetected, and possibly result in expenditures that are not for a proper public purpose.

**PHOENIX VILLAGE ACADEMY P2  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2008  
(Continued)**

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

<b>FINDING NUMBER</b>	<b>2008-002</b>
-----------------------	-----------------

**Finding for Recovery (Continued)**

In accordance with the foregoing facts and pursuant to Ohio Revise Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Greater Educational Services Center in the amount of \$10,994.49 and in favor of Phoenix Village Academy P2.

Additionally, under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is liable for the amount of such expenditure. *Seward v. National Surety Co.* (1929), 120 Ohio St. 47; 1980 Op. Att’y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex.rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att’y Gen. No. 80-074.

Accordingly, Edward Dudley, Treasurer, will be liable in the amount of \$10,994.49 to the extent that recovery is not obtained from Greater Educational Services Center, and in favor of Phoenix Village Academy P2.

<b>FINDING NUMBER</b>	<b>2008-003</b>
-----------------------	-----------------

**Finding for Recovery**

Ohio Rev. Code Section 3314.03(A)(11)(d) requires that each contract entered into between a sponsor and the governing authority of a community school shall specify that the school will comply with Section 149.43 of the Ohio Rev. Code. Ohio Rev. Code Section 149.43(B) states, in part, that all public records shall be promptly prepared and made available for inspection to a person at all reasonable times during regular business hours. In order to facilitate broader access to public records, public offices shall maintain public records in a manner that they can be made available for inspection in accordance with this division.

During fiscal year 2008, the Academy issued the following payments to Exceptional Psychological Services which were unsupported and the Academy did not provide supporting documentation for these payments.

1. On December 13, 2007, check number 2160 in the amount of \$2,100 was issued and authorized by Edward Dudley, Treasurer, The invoices paid by this check were duplicate billings. One invoice for \$1,060 was billed to and paid in full by Phoenix Village Academy S1. The other invoices paid by this check were paid in full by other checks Phoenix Village Academy P2 issued during the year.

**PHOENIX VILLAGE ACADEMY P2  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2008  
(Continued)**

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

<b>FINDING NUMBER</b>	<b>2008-003</b>
-----------------------	-----------------

**Finding for Recovery (Continued)**

2. On January 12, 2008, check number 2171 in the amount of \$1,175 was issued and authorized by Edward Dudley, Treasurer. Included in this payment was \$1,000 which was a duplicate billing for the same services provided to Phoenix Village Academy Akron (P1).
3. On January 20, 2008, check number 2201 in the amount of \$1,630 was issued and authorized by Edward Dudley, Treasurer. The invoice paid by this check was an invoice to Phoenix Village Academy Akron.
4. On February 8, 2008, check number 2185 in the amount of \$800 was issued and authorized by Edward Dudley, Treasurer. The invoice paid by this check was an invoice to Phoenix Village Academy Akron.
5. On February 25, 2008, check number 1065 in the amount of \$16,000 was issued and authorized by Edward Dudley, Treasurer, and was unsupported and we could not determine the purpose of the expenditure.

Without appropriate support documentation it is not possible to determine if the expenditure included items that would not be considered a proper public purpose. The failure to maintain adequate support for these expenditures could result in a loss of accountability over the Academy's finances, making it difficult to identify errors which could go undetected, and possibly result in expenditures that are not for a proper public purpose.

Additionally, under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is liable for the amount of such expenditure. *Steward v. National Surety Co.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. rel. *Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att'y Gen. No. 80-074.

In accordance with the foregoing facts and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Edward Dudley, Treasurer, and Exceptional Psychological Services, jointly and severally, in the amount of \$3,100 and in favor of Phoenix Village Academy P2 and against Edward Dudley, Treasurer, in the amount of \$18,430 and in favor of Phoenix Village Academy P2.

**PHOENIX VILLAGE ACADEMY P2  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2008  
(Continued)**

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

<b>FINDING NUMBER</b>	<b>2008-004</b>
-----------------------	-----------------

**Finding for Recovery**

Ohio Rev. Code Section 3314.03(A)(11)(d) requires that each contract entered into between a sponsor and the governing authority of a community school shall specify that the school will comply with Section 149.43 of the Ohio Rev. Code. Ohio Rev. Code Section 149.43(B) states, in part, that all public records shall be promptly prepared and made available for inspection to a person at all reasonable times during regular business hours. In order to facilitate broader access to public records, public offices shall maintain public records in a manner that they can be made available for inspection in accordance with this division.

On December 13, 2007, check number 2159 in the amount of \$400 payable to DeShawn King was issued and authorized by Edward Dudley, Treasurer. This check was supported with an invoice from The Home Depot for the purchase of a \$400 gift card without any identification of purpose.

Without appropriate support documentation it is not possible to determine if the expenditure included items that would not be considered a proper public purpose. The failure to maintain adequate support for these expenditures could result in a loss of accountability over the Academy's finances, making it difficult to identify errors which could go undetected, and possibly result in expenditures that are not for a proper public purpose.

In accordance with the foregoing facts and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against DeShawn King in the amount of \$400 and in favor of Phoenix Village Academy P2.

Additionally, under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is liable for the amount of such expenditure. *Seward v. National Surety Co.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex. rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att'y Gen. No. 80-074.

Accordingly, Edward Dudley, Treasurer, will be liable in the amount of \$400 to the extent that recovery is not obtained from DeShawn King, and in favor of Phoenix Village Academy P2.



**PHOENIX VILLAGE ACADEMY P2  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2008  
(Continued)**

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

<b>FINDING NUMBER</b>	<b>2008-005</b>
-----------------------	-----------------

**Finding for Recovery**

Ohio Rev. Code Section 3314.03(A)(11)(d) requires that each contract entered into between a sponsor and the governing authority of a community school shall specify that the school will comply with Section 149.43 of the Ohio Rev. Code. Ohio Rev. Code Section 149.43(B) states, in part, that all public records shall be promptly prepared and made available for inspection to a person at all reasonable times during regular business hours. In order to facilitate broader access to public records, public offices shall maintain public records in a manner that they can be made available for inspection in accordance with this division.

On July 24, 2007, check number 1052 in the amount of \$3,300 payable to Dr. Kwa David Whitaker was issued and authorized by Edward Dudley, Treasurer, and was unsupported and we could not determine the purpose of the expenditure.

Without appropriate support documentation it is not possible to determine if the expenditure included items that would not be considered a proper public purpose. The failure to maintain adequate support for these expenditures could result in a loss of accountability over the Academy's finances, making it difficult to identify errors which could go undetected, and possibly result in expenditures that are not for a proper public purpose.

In accordance with the foregoing facts and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Dr. Kwa David Whitaker in the amount of \$3,300 and in favor of Phoenix Village Academy P2.

Additionally, under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is liable for the amount of such expenditure. *Seward v. National Surety Co.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex. rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att'y Gen. No. 80-074.

Accordingly, Edward Dudley, Treasurer, will be liable in the amount of \$3,300 to the extent that recovery is not obtained from Dr. Kwa David Whitaker, and in favor of Phoenix Village Academy P2.

**PHOENIX VILLAGE ACADEMY P2  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2008  
(Continued)**

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

<b>FINDING NUMBER</b>	<b>2008-006</b>
-----------------------	-----------------

**Finding for Recovery**

Ohio Rev. Code Section 3314.03(A)(11)(d) requires that each contract entered into between a sponsor and the governing authority of a community school shall specify that the school will comply with Section 149.43 of the Ohio Rev. Code. Ohio Rev. Code Section 149.43(B) states, in part, that all public records shall be promptly prepared and made available for inspection to a person at all reasonable times during regular business hours. In order to facilitate broader access to public records, public offices shall maintain public records in a manner that they can be made available for inspection in accordance with this division.

During fiscal year 2008, the Academy issued the following payments to Eric King which were unsupported and the Academy did not provide supporting documentation for these payments.

1. On February 25, 2008, check number 1066 in the amount of \$3,000 was issued and authorized by Edward Dudley, Treasurer, and was unsupported and we could not determine the purpose of the expenditure.
2. On June 9, 2008, check number 1071 in the amount of \$3,000 was issued and authorized by Edward Dudley, Treasurer, and was unsupported and we could not determine the purpose of the expenditure.

Without appropriate support documentation it is not possible to determine if the expenditure included items that would not be considered a proper public purpose. The failure to maintain adequate support for these expenditures could result in a loss of accountability over the Academy's finances, making it difficult to identify errors which could go undetected, and possibly result in expenditures that are not for a proper public purpose.

In accordance with the foregoing facts and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Eric King in the amount of \$6,000 and in favor of Phoenix Village Academy P2.

Additionally, under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is liable for the amount of such expenditure. *Seward v. National Surety Co.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex.rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att'y Gen. No. 80-074.

Accordingly, Edward Dudley, Treasurer, will be liable in the amount of \$6,000 to the extent that recovery is not obtained from Eric King, and in favor of Phoenix Village Academy P2.

PHOENIX VILLAGE ACADEMY P2  
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2008  
(Continued)

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

FINDING NUMBER	2008-007
----------------	----------

**Finding for Recovery**

Ohio Rev. Code Section 3314.03(A)(11)(d) requires that each contract entered into between a sponsor and the governing authority of a community school shall specify that the school will comply with Section 149.43 of the Ohio Rev. Code. Ohio Rev. Code Section 149.43(B) states, in part, that all public records shall be promptly prepared and made available for inspection to a person at all reasonable times during regular business hours. In order to facilitate broader access to public records, public offices shall maintain public records in a manner that they can be made available for inspection in accordance with this division.

On April 28, 2008, check number 1024 in the amount of \$115 payable to the Cleveland Botanical Gardens was issued and authorized by Edward Dudley, Treasurer, and Jorethia Chuck, authorized check signatory, and was unsupported and we could not determine the purpose of the expenditure.

Without appropriate support documentation it is not possible to determine if the expenditure included items that would not be considered a proper public purpose. The failure to maintain adequate support for these expenditures could result in a loss of accountability over the Academy's finances, making it difficult to identify errors which could go undetected, and possibly result in expenditures that are not for a proper public purpose.

Additionally, under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is liable for the amount of such expenditure. *Steward v. National Surety Co.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. rel. *Village of Linddale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att'y Gen. No. 80-074.

In accordance with the foregoing facts and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Edward Dudley, Treasurer, and Jorethia Chuck, authorized check signatory, jointly and severally, in the amount of \$115 and in favor of Phoenix Village Academy P2.

**PHOENIX VILLAGE ACADEMY P2  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2008  
(Continued)**

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

<b>FINDING NUMBER</b>	<b>2008-008</b>
-----------------------	-----------------

**Finding for Recovery**

Ohio Rev. Code Section 3314.03(A)(11)(d) requires that each contract entered into between a sponsor and the governing authority of a community school shall specify that the school will comply with Section 149.43 of the Ohio Rev. Code. Ohio Rev. Code Section 149.43(B) states, in part, that all public records shall be promptly prepared and made available for inspection to a person at all reasonable times during regular business hours. In order to facilitate broader access to public records, public offices shall maintain public records in a manner that they can be made available for inspection in accordance with this division.

During fiscal year 2008, the Academy issued the following payments which were unsupported and the Academy did not provide supporting documentation for these payments.

1. Check number 996 in the amount of \$373.80 was issued and authorized by Edward Dudley, Treasurer, and was unsupported and we could not determine the purpose of the expenditure. We were unable to determine the date and the vendor of this check.
2. Check number 1011 in the amount of \$100 was issued and authorized by Edward Dudley, Treasurer, and was unsupported and we could not determine the purpose of the expenditure. We were unable to determine the date and vendor of this check.

Without appropriate support documentation it is not possible to determine if the expenditure included items that would not be considered a proper public purpose. The failure to maintain adequate support for these expenditures could result in a loss of accountability over the Academy's finances, making it difficult to identify errors which could go undetected, and possibly result in expenditures that are not for a proper public purpose.

Additionally, under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is liable for the amount of such expenditure. *Steward v. National Surety Co.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. rel. *Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att'y Gen. No. 80-074.

In accordance with the foregoing facts and pursuant to Ohio Revise Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Edward Dudley, Treasurer, in the amount of \$473.80 and in favor of Phoenix Village Academy P2.

**PHOENIX VILLAGE ACADEMY P2  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2008  
(Continued)**

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

<b>FINDING NUMBER</b>	<b>2008-009</b>
-----------------------	-----------------

**Five Year Forecast**

Ohio Revised Code Section 3314.03(A)(15) requires the Academy prepare a financial plan detailing an estimated school budget for each year of the period of the contract and specifying 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 Ohio Revised Code.

Ohio Admin Code Section 3301-92-04 (A) states that upon the adoption of an annual appropriation measure but no later than October thirty-first of each fiscal year, a board of education shall submit to the Department of Education a five-year projection of revenues and expenditures for the current fiscal year and the ensuing four fiscal years. Subsection (F) states that a board of education shall update its five-year projection between April first and May thirty-first of each fiscal year and submit it to the Department of Education.

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. Additionally, there was no evidence that an updated five year forecast was submitted to the Ohio Department of Education before the May 31, 2008 deadline.

Without evidence of the updating of the forecast, the Board does not have the necessary information to develop a financial plan for the school year. It is also possible the Board could authorize the expenditure of funds in excess of the estimated amount available.

We recommend the Academy review the requirements of the Ohio Revised Code Section 3314.03 and Ohio Admin. Code Section 3301-92-04 and take the necessary steps to meet these requirements, including obtaining the approval of the governing board and reviewing the appropriateness of the amounts included in the five year forecast.

<b>FINDING NUMBER</b>	<b>2008-010</b>
-----------------------	-----------------

**Record of Minutes**

Ohio Rev. Code Section 121.22 (C) states that the minutes of a regular or special meeting of any public body shall be promptly prepared, filed, and maintained and shall be open to public inspection.

It is the Board of Trustee's responsibility to oversee the Academy's operation and make decisions to ensure the entity's goals and objectives are complete. The Board minutes represent the official record of the Academy's events and resolutions passed by the Board.

The Board should stay apprised of financial matters throughout the fiscal year. During the audit, we noted the following items:

**PHOENIX VILLAGE ACADEMY P2  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2008  
(Continued)**

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

<b>FINDING NUMBER</b>	<b>2008-010</b>
-----------------------	-----------------

**Record of Minutes (Continued)**

- Employee salaries and approval to hire employees were not noted in the Board minutes. Therefore, there was no evidence that these salaries were being approved by the Board of Trustees; and
- Minutes did not exist to document the Board performed its responsibilities as specifically enumerated in the agreement between the Academy and Sponsor.

Failure to oversee the Academy's operations and stay apprised of financial matters increases the chance of theft and other fraudulent activities.

We recommend the Board implement the following procedures to help ensure that the directives of the Board are followed:

- All salaries and hiring of employees should be passed by the Board and shown on the Board minutes and maintained by the Academy; and
- Take the necessary steps to ensure that all provisions of the Sponsor agreement were adhered to.

<b>FINDING NUMBER</b>	<b>2008-011</b>
-----------------------	-----------------

**Condition of Accounting Records**

Ohio Admin. Code Section 117-2-02 (A) states that all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code.

Management is responsible for developing and maintaining complete and accurate financial records. Instead of complete and accurate financial records, we noted that the records consisted of the following:

- No records existed of Board approval for employee salary and/or wage rates;
- The Academy did not provide records for short term receivables;
- The Academy did not provide supporting documentation for liabilities;
- Capital asset records did not exist;
- There was no evidence of the Board reviewing or approving any of the financial activity of the Academy; and
- The Statement of Activity and the Balance Sheet should reconcile to one another.

Management failed to provide financial and support documentation; consequently, we were unable to analyze, review, inspect for completeness, verify the accuracy of, or determine the existence of the Academy's financial records.

**PHOENIX VILLAGE ACADEMY P2  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2008  
(Continued)**

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

<b>FINDING NUMBER</b>	<b>2008-011</b>
-----------------------	-----------------

**Condition of Accounting Records (Continued)**

Failure to implement and maintain a system of controls over the Academy's financial records increases the chances of theft and other fraudulent activities.

The Academy's 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.

<b>FINDING NUMBER</b>	<b>2008-012</b>
-----------------------	-----------------

**Salary Approval**

The contract between the Academy and the Sponsor provides that employment of the teachers and non-teaching personnel by the Academy shall be as provided in Ohio Rev. Code Section 3314.10. Ohio Rev. Code Section 3314.10 (A)(1) states that the governing authority of any community school established under this chapter may employ teachers and non-teaching employees necessary to carry out its mission and fulfill its contract. Per Exhibit 3 of the contract between the Academy and the Sponsor, by a majority of votes, the Board shall approve employment and the initial salary of all employees.

There was no supporting documentation that the Academy approved employees' salaries for the fiscal year.

Without appropriate documentation it is not possible to determine if employees are being paid the proper rate. The failure to maintain adequate support for these expenditures could result in a loss of accountability over the Academy's finances.

We recommend the Board approve all employee contracts in accordance with the contract between the Academy and the Sponsor.

<b>FINDING NUMBER</b>	<b>2008-013</b>
-----------------------	-----------------

**Capital Assets**

Ohio Admin. Code Section 117-2-02 (D)(4)(c) states that all local public offices should maintain or provide capital asset records including such information as the original cost, acquisition date, voucher number, the asset type (land, building, vehicle, etc.), asset description, location, and tag number. Local public offices preparing financial statements using generally accepted accounting principles will want to maintain additional data.

**PHOENIX VILLAGE ACADEMY P2  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2008  
(Continued)**

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

<b>FINDING NUMBER</b>	<b>2008-013</b>
-----------------------	-----------------

**Capital Assets (Continued)**

The Academy did not make available accounting records of capital assets purchased. For this reason we were unable to determine if the following records had been developed and maintained:

- A capital asset accounting system, which was comprised of a complete capital asset listing by location, with tag or other identification numbers and other pertinent information;
- Procedures to record assets as additions when purchased and deletions when disposed of during the year;
- A listing of capital assets purchased with federal funds to ensure that items purchased with federal funds are used for that specific purpose; and
- Invoices and supporting documentation.

Without maintaining accurate and complete records of capital assets purchased it is possible the assets of the Academy could be misplaced or stolen and not reported.

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

<b>FINDING NUMBER</b>	<b>2008-014</b>
-----------------------	-----------------

**Developing and Implementing an Effective Monitoring Control System**

Ohio Admin. Code Section 117-2-01 (A) states that all public officials are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance regarding the achievement of objectives for their respective public offices in certain categories. Subsection (C)(5) provides that internal control consists of the following component, among others: monitoring, which is a process that assesses the quality of internal control performance over time.



**PHOENIX VILLAGE ACADEMY P2  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2008  
(Continued)**

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

<b>FINDING NUMBER</b>	<b>2008-014</b>
-----------------------	-----------------

**Developing and Implementing an Effective Monitoring Control System (Continued)**

Monitoring controls are comprised of regular management and supervisory activities established to oversee whether management's objectives are being achieved. Effective monitoring controls 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 fluctuations;
- 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; and
- Review of monthly bank reconciliations by someone independent of their preparation.

The lack of effective monitoring controls has lead to the misallocation or misstatement of School funds, expenditure of funds contrary to the directives of the governing board and non-compliance with federal or state laws or regulations. This could result in a loss of funding from federal and state sources, and errors or irregularities occurring in financial transactions which affect the bank reconciliations could 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.

**PHOENIX VILLAGE ACADEMY P2  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2008  
(Continued)**

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

<b>FINDING NUMBER</b>	<b>2008-015</b>
-----------------------	-----------------

**Related Party Transactions**

Ohio Revised Code Section 2921.42(A)(1) prohibits a public official from authorizing or using the authority or influence of the public official's office to secure a public contract in which the public official, a member of the public official's family, or any of the public official's business associate has an interest. Ohio Revised Code Section 102.03(D) prohibits a public official from authorizing or using the authority or influence of office or employment, to secure anything of value or the promise or offer of anything of value that is of such a character as to manifest a substantial and improper influence upon the public official with respect to that person's duties.

Additionally, Ohio Revised Code Section 2921.42(A)(4) states that no public official shall knowingly have an interest in the profits or benefits of a public contract entered into by or for the use of the political subdivision or governmental agency or instrumentality with which the public official is connected.

The following issues were noted during our audit:

- Dr. Kwa David Whitaker is the Chief Executive Officer of ASHE Culture Center, Inc. ASHE Culture Center, Inc. is the sponsor for the Academy. Jorethia Chuck is the wife of Dr. Kwa David Whitaker and served on the Board of Trustees of the Academy during the audit period. ASHE Culture Center, Inc. was paid a total of \$60,809 for which \$53,000 was not for sponsor fees. Of this amount, \$522.34 was co-signed by Jorethia Chuck. Additionally, Dr. Kwa David Whitaker was paid a total of \$3,300. The Academy did not provide us with a cancelled check, therefore, no check signer could be determined for this amount.
- Exceptional Psychological Services is owned by Dr. Jorethia Chuck, who served on the Board of Trustees. Exceptional Psychological Services was paid \$27,305 after July 1, 2007 while Dr. Chuck served on the Board of Trustees. The Academy did not provide us with the cancelled checks, therefore, no check signers could be determined for this amount.

These matters will be referred to the Ohio Ethics Commission.

**PHOENIX VILLAGE ACADEMY P2  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2008  
(Continued)**

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

<b>FINDING NUMBER</b>	<b>2008-016</b>
-----------------------	-----------------

**Note Disclosures Required by Generally Accepted Accounting Principles**

Governmental Accounting and Financial Reporting Standards codification section 2300.106 states, the notes to the financial statements are essential to the fair presentation of the financial statements. They are intended to communicate information that is necessary and that cannot be included in the financial statements themselves. The notes provide necessary disclosure of material items, the omission of which would cause the financial statements to be misleading. The notes are an integral part of the financial statements and are intended to be read with the financial statements. The more significant notes are identified as follows:

- Summary of significant accounting policies;
- Budgeting;
- Receivables;
- Payables;
- Capital Assets;
- Definition of cash and cash equivalents used in the statement of cash flows;
- Policy regarding the use of FASB pronouncements;
- Cash deposits with financial institutions;
- Investment (if applicable);
- Purchased Services;
- Capital Leases;
- Non-Capital (Operating) Leases;
- Risk Management;
- Debt service requirements to maturity;
- Significant contingent liabilities;
- Significant effects of events subsequent to the balance sheet date; and
- Annual pension costs and obligations; and commitments under leases.

The above notes to the financial statements are not all inclusive and additional disclosures should be made if necessary. The Academy did not present a set of notes to the financial statements.

**PHOENIX VILLAGE ACADEMY P2  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2008  
(Continued)**

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

<b>FINDING NUMBER</b>	<b>2008-017</b>
-----------------------	-----------------

**Financial Reporting**

Section 2200.102 of the Codification of Governmental Accounting and Financial Reporting Standards provides the minimum requirements for general purpose external financial reporting as follows:

- Management's Discussion and Analysis;
- Basic financial statements which include
- Statement of Net Assets;
- Statement of Revenues, Expenditures, and Changes in Net Assets; and
- Statement of Cash Flows.

The Academy failed to prepare complete and accurate financial statements for the period of time covered by this audit. These financial statements were required to be prepared in accordance with Governmental Accounting Standards Board (GASB) Statement Number 34 to be in conformity with Accounting Principles Generally Accepted in the United State of America.

The cash flow statement did not conform to all presentation requirements, and amounts in management's discussion and analysis did not agree to the corresponding basic financial statement amounts.

We recommend the Academy pay particular attention to GASB financial reporting requirements.

We did not receive a direct response from school officials for the findings above.

**PHOENIX VILLAGE ACADEMY P2  
CUYAHOGA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2008**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Plan Taken; or Finding No Longer Valid; <b>Explain:</b>
2007-001	Finding for Recovery	No	Documentation not presented
2007-002	Finding for Recovery	No	Documentation not presented
2007-003	Finding for Recovery	No	Documentation not presented
2007-004	Finding for Recovery	No	Documentation not presented
2007-005	Financial Report Filing	Yes	
2007-006	Five Year Forecast	No	Reissued as 2008-009
2007-007	Record of Minutes	No	Reissued as 2008-010
2007-008	Salary Approval	No	Reissued as 2008-012
2007-009	Lack of Records	No	Reissued as 2008-011
2007-010	Capital Assets	No	Reissued as 2008-013
2007-011	Developing and Implementing and Effective Monitoring Control System	No	Reissued as 2008-014
2007-012	Related Party Transactions	No	Reissued as 2008-015
2007-013	Note Disclosures Required by Generally Accepted Accounting Principles	No	Reissued as 2008-016





Mary Taylor, CPA  
Auditor of State

PHOENIX VILLAGE ACADEMY P 2

CUYAHOGA COUNTY

**CLERK'S CERTIFICATION**

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
DECEMBER 22, 2009