



Mary Taylor, CPA
Auditor of State

**EAGLE HEIGHTS ACADEMY
MAHONING COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Statement of Net Assets – June 30, 2007	7
Statement of Revenues, Expenses, and Changes in Net Assets For the Fiscal Year Ended June 30, 2007	8
Statement of Cash Flows - For the Fiscal Year Ended June 30, 2007	9
Notes to Basic Financial Statements	10
Federal Awards Receipts and Expenditures Schedule for the Year Ended June 30, 2007	21
Notes to the Federal Awards Receipts and Expenditures Schedule – Fiscal Year Ended June 30, 2007	22
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	23
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.....	25
Schedule of Findings and Questioned Costs – June 30, 2007.....	27
Schedule of Prior Audit Findings – June 30, 2007.....	65

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Eagle Heights Academy
Mahoning County
1833 Market Street
Youngstown, Ohio 44507

To the Board of Trustees:

We were engaged to audit the financial statements of Eagle Heights Academy, Mahoning County, (the "Academy") as of and for the year ended June 30, 2007.

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* require us to obtain a written representation letter from management as part of our audit. We were unable to obtain this representation letter from the management of the Academy. As a result, we were unable to satisfy ourselves regarding the revenues, expenses and changes in net assets of the Academy for the year ended June 30, 2007.

Since we were unable to obtain the written representation letter described in the second paragraph above, the scope of our auditing procedures was not sufficient to enable us to express, and we do not express, an opinion on these financial statements.

As discussed in Note 16, on August 25, 2009, the Ohio Department of Education made the determination that the Academy would terminate operations as of June 30, 2010 due to poor academic performance as defined in Section 3314.35 of the Ohio Revised Code. Also discussed in this note is the Academy's financial position indicating a deficit cash of \$323,166 and an accumulated deficit net assets of \$3,179,111 at June 30, 2007.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2010, 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.

The federal awards receipts and expenditures schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Since the Academy was unable to provide a written representation letter as referred to above, we are unable to express and we do not express an opinion on the federal awards receipts and expenditures schedule of the Academy.

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

January 29, 2010

**EAGLE HEIGHTS ACADEMY
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007
(UNAUDITED)

The discussion and analysis of the Eagle Heights Academy (the "Academy") financial performance provides an overall review of the Academy's financial activities for the fiscal year ended June 30, 2007. 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 the notes to the basic financial statements to enhance their understanding of the Academy's financial performance.

Financial Highlights

Key financial highlights for 2007 are as follows:

- In total, net assets were \$1,250,652 at June 30, 2007.
- The Academy had operating revenues of \$5,910,166 and operating expenses of \$8,883,101 for fiscal year 2007. The Academy also received \$2,185,995 in federal and state grants during fiscal year 2007. Total change in net assets for the fiscal year was a decrease of \$805,549.

Using these Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Academy's financial activities. The *Statement of Net Assets* and *Statement of Revenues, Expenses and Changes in Net Assets* provide information about the activities of the Academy, including all short-term and long-term financial resources and obligations.

Reporting the Academy Financial Activities

Statement of Net Assets; Statement of Revenues, Expenses and Changes in Net Assets; and Statement of Cash Flows

These statements look at all financial transactions and ask the question, "How did we do financially during 2007?" The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Academy's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the Academy as a whole, the *financial position* of the Academy has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. These statements can be found on pages 7 and 8 of this report.

The Statement of Cash Flows provides information about how the Academy finances and meets the cash flow needs of its operations. The Statement of Cash Flows can be found on page 9 of this report.

**EAGLE HEIGHTS ACADEMY
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007
(UNAUDITED)

The table below provides a summary of the Academy's net assets for fiscal year 2007 and 2006.

Net Assets

	<u>2007</u>	<u>2006</u>
<u>Assets</u>		
Current assets	\$ 328,561	\$ 466,150
Capital assets, net	<u>2,866,447</u>	<u>2,666,494</u>
Total assets	<u>3,195,008</u>	<u>3,132,644</u>
<u>Liabilities</u>		
Current liabilities	1,883,975	975,937
Long term liabilities	<u>60,381</u>	<u>100,506</u>
Total liabilities	<u>1,944,356</u>	<u>1,076,443</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	2,721,559	2,523,173
Restricted	1,668,668	848,241
Unrestricted (deficit)	<u>(3,139,575)</u>	<u>(1,315,213)</u>
Total net assets	<u>\$ 1,250,652</u>	<u>\$ 2,056,201</u>

Over time, net assets can serve as a useful indicator of a government's financial position. The Academy's financial position at June 30, 2007 has declined compared to the prior year as a result of a decrease in assets, specifically and primarily the decreased assets are contributed to the decrease in foundation payments. At June 30, 2007, the Academy's assets exceeded liabilities by \$1,250,652.

At year-end, capital assets represented 90% of total assets. Capital assets consisted of land, leasehold improvements, building, furniture and fixtures, textbooks and equipment. Capital assets are used to provide services to the students and are not available for future spending. The amount invested in capital assets, net of related debt at June 30, 2007 was \$2,866,447. A portion of the Academy's net assets, \$1,668,668, represents resources that are subject to external restriction on how they may be used. The remaining is a deficit balance in unrestricted net assets of \$3,139,575.

**EAGLE HEIGHTS ACADEMY
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007
(UNAUDITED)

The table below shows the changes in net assets for fiscal years 2007 and 2006.

Change in Net Assets

	<u>2007</u>	<u>2006</u>	<u>Percentage Change</u>
<u>Operating Revenues:</u>			
Foundation payments	\$ 5,743,957	\$ 6,107,458	(5.95) %
Charges for services	18,892	17,502	7.94 %
Other	<u>147,317</u>	<u>187,782</u>	(21.55) %
Total operating revenue	<u>5,910,166</u>	<u>6,312,742</u>	(6.38) %
<u>Operating Expenses:</u>			
Salaries and wages	4,720,704	4,850,235	(2.67) %
Fringe benefits	1,383,006	1,621,256	(14.70) %
Purchased services	1,181,569	1,502,029	(21.34) %
Materials and supplies	1,280,449	798,594	60.34 %
Other	96,346	73,461	31.15 %
Depreciation	<u>221,027</u>	<u>186,477</u>	18.53 %
Total operating expenses	<u>8,883,101</u>	<u>9,032,052</u>	(1.65) %
<u>Non-operating revenues (expenses):</u>			
Federal and state grants	2,185,995	2,087,646	4.71 %
Federal donated commodities	12,364	15,213	(18.73) %
Interest income	-	7,816	(100.00) %
Interest and fiscal charges	<u>(30,973)</u>	<u>(22,588)</u>	37.12 %
Total non-operating revenues (expenses)	<u>2,167,386</u>	<u>2,088,087</u>	3.80 %
Change in net assets	(805,549)	(631,223)	27.62 %
Net assets at beginning of year	<u>2,056,201</u>	<u>2,687,424</u>	(23.49) %
Net assets at end of year	<u>\$ 1,250,652</u>	<u>\$ 2,056,201</u>	(39.18) %

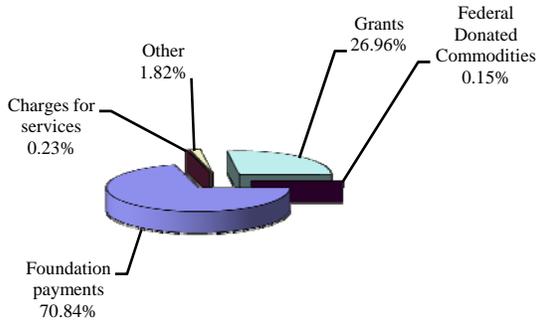
During fiscal 2007, the Academy's net assets decreased by \$805,549, from \$2,056,201 to \$1,250,652. Although operating expenses decreased overall by 1.65%, the Academy also received \$363,501 less from foundation revenues, contributing to the decrease in net assets.

**EAGLE HEIGHTS ACADEMY
MAHONING COUNTY, OHIO**

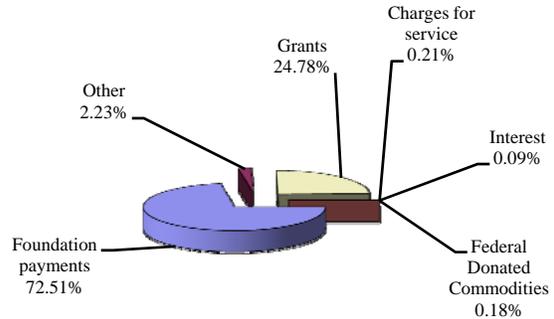
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007
(UNAUDITED)**

The charts below illustrate the revenues and expenses for the Academy during fiscal years 2007 and 2006.

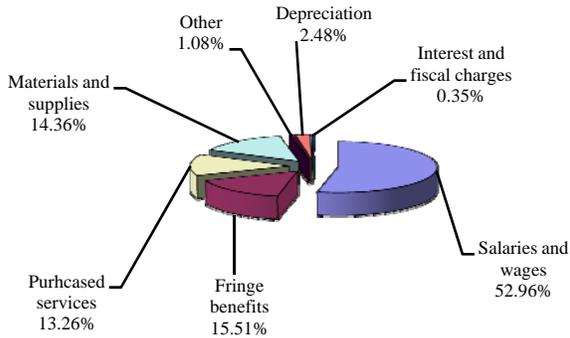
2007 Revenues



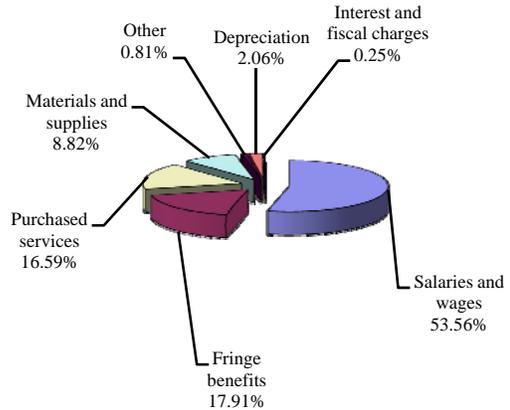
2006 Revenues



2007 Expenses



2006 Expenses



Current Financial Related Activities

The Academy was founded in 1998 and currently operates as an independent non-profit Ohio public charter Academy, sponsored by The Ohio Council of Community Schools.

The Academy is funded through the State's Foundation program, as it receives no local tax monies and can not charge tuition, levy taxes or issue bonds to raise revenue. Also the Academy receives State and Federal restricted grant aid to supplement the learning process for the students. The Student bodies of the Academy benefit greatly from the Federal Programs dollars in that more than 85% of the children receive free or reduced meals.

Contacting the Academy's Financial Management

This financial report is designed to provide our clients and creditors with a general overview of the Academy's finances and to show the Academy's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Mr. John W. Booher, Chief Academic Officer, Eagle Heights Academy, 1833 Market Street, Youngstown, Ohio 44507.

**EAGLE HEIGHTS ACADEMY
MAHONING COUNTY, OHIO**

STATEMENT OF NET ASSETS
JUNE 30, 2007

Assets:

Current Assets:

Equity in pooled cash and cash equivalents. . .	\$	(323,166)
Receivables:		
Accounts		602
Intergovernmental		635,190
Prepayments		8,331
Materials and supplies inventory.		7,604
		7,604
Total current assets		328,561

Non-Current Assets:

Land		139,697
Depreciable capital assets, net		2,726,750
		2,726,750
Total assets		3,195,008

Liabilities:

Current Liabilities:

Accounts payable.		204,142
Accrued wages and benefits		490,063
Pension obligation payable.		203,523
Intergovernmental payable		529,119
Deferred revenue.		282,157
Judgements payable.		30,000
Current portion of capital lease obligation . . .		44,971
Note payable		100,000
		100,000
Total current liabilities		1,883,975

Long-term Liabilities:

Capital lease obligation		60,381
		60,381
Total long-term liabilities		60,381
Total liabilities		1,944,356

Net Assets:

Invested in capital assets, net		
of related debt.		2,761,095
Restricted for:		
State funded programs		1,518,893
Federal funded programs		106,556
Capital projects.		43,219
Unrestricted (deficit).		(3,179,111)
		(3,179,111)
Total net assets.	\$	1,250,652

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**EAGLE HEIGHTS ACADEMY
MAHONING COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Operating revenues:	
Foundation payments	\$ 5,743,957
Charges for services.	18,892
Other	147,317
Total revenue	<u>5,910,166</u>
Operating expenses:	
Salaries and wages	4,720,704
Fringe benefits	1,383,006
Purchased services	1,181,569
Materials and supplies	1,280,449
Other.	96,346
Depreciation	221,027
Total expenses	<u>8,883,101</u>
Operating loss	<u>(2,972,935)</u>
Non-operating revenues (expenses):	
Federal and state grants	2,185,995
Federal donated commodities.	12,364
Interest and fiscal charges	(30,973)
Total nonoperating revenues (expenses).	<u>2,167,386</u>
Change in net assets	(805,549)
Net assets at beginning of year.	<u>2,056,201</u>
Net assets at end of year	<u><u>\$ 1,250,652</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**EAGLE HEIGHTS ACADEMY
MAHONING COUNTY, OHIO**

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Cash flows from operating activities:	
Cash received from foundation payments	\$ 5,390,924
Cash received from charges for services	147,317
Cash received from other operations.	18,290
Cash payments for personal services.	(5,691,381)
Cash payments for purchased services	(1,207,002)
Cash payments for materials and supplies	(1,171,923)
Cash payments for other operations	(50,718)
	(2,564,493)
Net cash used in operating activities	(2,564,493)
Cash flows from noncapital financing activities:	
Federal and state grants.	2,604,822
	2,604,822
Net cash provided by noncapital financing activities	2,604,822
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(420,980)
Proceeds of notes.	700,000
Principal retirement.	(637,969)
Interest and fiscal charges.	(30,973)
	(389,922)
Net cash used in capital and related financing activities	(389,922)
Net decrease in cash and cash equivalents	(349,593)
Cash and cash equivalents at beginning of year . . .	26,427
Cash and cash equivalents at end of year.	\$ (323,166)
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (2,972,935)
Adjustments:	
Depreciation.	221,027
Federal donated commodities	12,364
Changes in assets and liabilities:	
Increase in accounts receivable	(602)
Increase in intergovernmental receivable.	(353,033)
Decrease in materials and supplies inventory.	4,839
Decrease in prepayments	122
Increase in accounts payable.	80,626
Decrease in accrued wages and benefits	(36,769)
Increase in intergovernmental payable.	462,956
Decrease in pension obligation payable.	(13,088)
Increase in judgements payable.	30,000
	30,000
Net cash used in operating activities.	\$ (2,564,493)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**EAGLE HEIGHTS ACADEMY
MAHONING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 1 - DESCRIPTION OF THE ACADEMY AND REPORTING ENTITY

Eagle Heights Academy (the "Academy") is a State nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702 to maintain and provide a school exclusively for any educational, literary, scientific and related teaching service. The Academy, which is part of the State's education program, is independent of any school district. The Academy may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the Academy.

The Academy was approved for operation under contract with the Ohio State Board of Education (Sponsor) for a period of five years commencing July 1, 1998 and renewed for two years commencing July 1, 2003. The Academy entered into a new five year sponsorship contract with The Ohio Council of Community Schools commencing July 1, 2005. The Academy operates under a self-appointing six-member Board of Trustees (the Board). The Academy's Code of Regulations specify that vacancies that arise on the Board are filled by the appointment of a successor trustee by a majority vote of the then existing trustees. The Board is responsible for carrying out the provisions of the contract with the Sponsor which includes, but is not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Board controls the Academy's one instructional/support facility staffed by 60 non-certified and 79 certified full-time teaching personnel who provide services to 852 students.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Academy have been prepared in conformity with accounting principles generally accepted in the United States of America (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 Academy also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The more significant of the Academy's accounting policies are described below.

A. Basis of Presentation

Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the Statement of Net Assets. Equity (i.e., net total assets) consists of the retained earnings. The Statement of Revenues, Expenses, and Changes in Net Assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

**EAGLE HEIGHTS ACADEMY
MAHONING COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

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 Section 5705, unless specifically provided in the Academy's contract with its Sponsor. The contract between the Academy and its Sponsor requires a detailed Academy budget for each year of the contract; however the budget does not have to follow Ohio Revised Code Section 5705.

The Academy's Board adopts a formal budget at the beginning of the school year. Spending limits are set based on projected revenue from the State of Ohio and other known sources. The Board's adoption of the budget states that actual expenditures are "not to exceed" budget amounts. The Academy's Principal and Business Manager are responsible for ensuring that purchases are made within these limits. Ohio Revised Code Section 5705.391 (A) requires the Academy to prepare a 5-year forecast, update it annually, and submit it to the Superintendent of Public Inspection at the Ohio Department of Education.

D. Cash and Investments

All cash received by the Academy is maintained at a central bank. For purposes of the Statement of Cash Flows and for presentation on the Statement of Net Assets, investments with an original maturity of three months or less at the time they are purchased is considered to be cash equivalents.

The Academy had no investments at June 30, 2007.

E. Capital Assets and Depreciation

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market value as of the date received. The Academy maintains a capitalization threshold of \$1,000. The Academy does not have any infrastructure.

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are expensed.

Depreciation of furniture and fixtures, textbooks, and equipment is computed using the straight line method over estimated useful lives of five to ten years. Leasehold improvements are depreciated over an estimated useful life of 39 or 40 years.

F. Operating Revenues and Expenses

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

**EAGLE HEIGHTS ACADEMY
MAHONING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

G. Intergovernmental Revenues

The Academy currently participates in the State Foundation Program and the State Disadvantaged Pupil Impact Aid (DPIA) Program. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met. The Ohio Department of Education conducts reviews of enrollment data 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 review resulted in the discovery of an underpayment to the Academy in the amount of \$353,033. This amount has been reported as an intergovernmental receivable at June 30, 2007.

Eligibility requirements include timing requirements which specify the year when the resources are required to be used or the fiscal year when the use is first permitted, matching requirements in which the Academy must provide local resources to be used for a specified purpose, and expenditure requirements in which resources are provided to the Academy on a reimbursement basis. The remaining grants and entitlements received by the Academy are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met.

H. Inventory

Inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventories consist of donated food and purchased food that are held for resale and are expensed when used.

I. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items on the Statement of Net Assets. These items are reported as assets on the Statement of Net Assets using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expense is reported in the year in which services are consumed.

J. Use of Estimates

In preparing the financial statements, management is sometimes required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

K. Federal Tax Exempt Status

On August 23, 1999, the Academy was granted status as an exempt organization under Internal Revenue Code Section 501 (c)(3) and is exempt from federal income taxes. Management is not aware of any course of action or series of events that have occurred that might adversely affect the Academy's tax exempt status.

**EAGLE HEIGHTS ACADEMY
MAHONING COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 3 - DEPOSITS AND INVESTMENTS

At June 30, 2007, the carrying amount of all Academy deposits was a deficit \$323,166. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2007, \$100,000 of the Academy’s bank balance of \$320,009 was covered by the Federal Deposit Insurance Corporation, while \$220,009 was exposed to custodial risk as discussed below.

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of bank failure, the Academy’s deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% 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 Academy. The Academy has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

NOTE 4 - RECEIVABLES

Receivables at June 30, 2007, consisted of intergovernmental receivables arising from grants and entitlements and accounts receivable. All receivables are considered collectable in full. A summary of the intergovernmental receivables follows:

Intergovernmental receivables:	<u>Amount</u>
Title I	\$ 195,878
Improving Teacher Quality	38,319
21st Century Grant	12,115
Drug-Free	2,768
IDEA Part B	28,742
Early Childhood Special Education	4,335
Ohio Department of Education - FTE review	<u>353,033</u>
Total intergovernmental receivables	<u>\$ 635,190</u>

NOTE 5 - LONG-TERM OBLIGATIONS

Changes in the Academy’s long-term obligations during fiscal year 2007 were as follows:

	<u>Balance at</u> <u>6/30/2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>06/30/07</u>	<u>Due Within</u> <u>One Year</u>
Capital lease obligation payable	\$ 143,321	\$ -	\$ (37,969)	\$ 105,352	\$ 44,971
Notes payable	<u>-</u>	<u>700,000</u>	<u>(600,000)</u>	<u>100,000</u>	<u>100,000</u>
Total long-term liabilities	<u>\$ 143,321</u>	<u>\$ 700,000</u>	<u>\$ (637,969)</u>	<u>\$ 205,352</u>	<u>\$ 144,971</u>

Capital Lease Obligation: See Note 8 for details.

Note Payable: During fiscal year 2007, the Academy borrowed \$700,000 through a line of credit from National City Bank. The line of credit had an interest rate of 8.25%. As of June 30, 2007, the Academy made principal and interest payments on the line of credit of \$600,000 and \$16,739, respectively.

**EAGLE HEIGHTS ACADEMY
MAHONING COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 6 - CAPITAL ASSETS AND DEPRECIATION

A summary of the Academy's capital assets at June 30, 2007, follows:

	Balance at <u>July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2007</u>
<i>Capital Assets</i>				
Land	\$ 139,697	\$ -	\$ -	\$ 139,697
Leasehold improvements	1,834,542	-	-	1,834,542
Building	200,000	196,657	-	396,657
Furniture and fixtures	364,552	6,143	-	370,695
Textbooks	613,149	58,617	-	671,766
Equipment	<u>1,247,468</u>	<u>159,563</u>	<u>-</u>	<u>1,407,031</u>
<i>Total Capital Assets</i>	<u>4,399,408</u>	<u>420,980</u>	<u>-</u>	<u>4,820,388</u>
<i>Less: Accumulated Depreciation</i>				
Leasehold improvements	(231,725)	(5,793)	-	(237,518)
Building	(17,552)	(2,318)	-	(19,870)
Furniture and fixtures	(231,698)	(23,477)	-	(255,175)
Textbooks	(429,657)	(91,792)	-	(521,449)
Equipment	<u>(822,282)</u>	<u>(97,647)</u>	<u>-</u>	<u>(919,929)</u>
<i>Total Accumulated Depreciation</i>	<u>(1,732,914)</u>	<u>(221,027)</u>	<u>-</u>	<u>(1,953,941)</u>
<i>Net Capital Assets</i>	<u>\$ 2,666,494</u>	<u>\$ 199,953</u>	<u>\$ -</u>	<u>\$ 2,866,447</u>

NOTE 7 - PURCHASED SERVICES

Purchased services for fiscal year 2007 include the following:

Professional and technical services	\$ 565,071
Property services	362,984
Travel mileage/meeting expense	8,144
Communications	85,877
Utilities	159,223
Pupil transportation services	<u>270</u>
	<u>\$ 1,181,569</u>

NOTE 8 - CAPITAL LEASES

The Academy entered into two lease agreements during fiscal year 2004 with Key Municipal Finance for electronic white boards. The Academy also entered into two additional lease agreements during fiscal year 2006 with GE Capital and Bank of America for copiers. The Academy's lease obligations met the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases". The electronic white boards and copiers have been capitalized in the amount of \$235,526, the present value of the minimum lease payments at the inception of the lease. The book value as of June 30, 2007 was \$120,025. The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments are as follows:

**EAGLE HEIGHTS ACADEMY
MAHONING COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 8 - CAPITAL LEASES (Continued)

<u>Year Ending</u> <u>June 30</u>	<u>Amount</u>
2008	\$ 53,086
2009	29,258
2010	23,971
2011	<u>13,710</u>
Total future minimum lease payments	\$ 120,025
Less: amount representing interest	<u>(14,673)</u>
Present value of future minimum lease payments	<u><u>\$ 105,352</u></u>

A liability for capital lease obligations in the amount of \$105,352 is reported on the Statement of Net Assets.

NOTE 9 - OPERATING LEASES

- A. The Academy entered into a five-year operating lease agreement on September 1, 2003 for a parcel of land on the southerly side of Delason Avenue in the City of Youngstown to be used for additional parking for the Academy at a cost of \$4,000 per year. The following is a schedule of the future minimum lease payments required under the operating lease:

<u>Year Ending</u> <u>June 30</u>	<u>Amount</u>
2008	<u><u>\$ 4,000</u></u>

- B. The Academy entered into a lease agreement with the City of Youngstown Parks and Recreation Commission to lease the premises at 1840 Erie, which is referred to as the Sports Complex, for physical education classes, schedule varsity and junior varsity basketball, volleyball, and football games. The leased premises shall be leased for the term of the 2006-2007 school year. The Academy was to pay a flat rate of \$39,000 to the Lessor payable in three payments due on or before January 11, 2007, April 11, 2007 and June 11, 2007.

NOTE 10 - RISK MANAGEMENT

A. Property and Liability

The Academy is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2007, the Academy contracted with Midwestern Indemnity Company for property and general liability insurance. Property coverage carries a \$1,000 deductible and has a \$300,000 limit. General liability coverage provides \$1,000,000 per occurrence and \$2,000,000 in the aggregate with no deductible. The Midwestern Indemnity Company provides umbrella liability coverage of \$10,000,000 per occurrence, as well as aggregate and excess umbrella liability coverage of \$10,000,000 per occurrence, as well as aggregate.

Director and officer coverage is provided by The Midwestern Indemnity Company with a \$1,000,000 aggregate limit and no deductible.

**EAGLE HEIGHTS ACADEMY
MAHONING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 10 - RISK MANAGEMENT (Continued)

B. Workers Compensation

The Academy pays the State Worker's Compensation System a premium for employee injury coverage. The premium is calculated by multiplying the total monthly gross payroll by a factor determined by the Bureau of Worker's Compensation.

NOTE 11 - OTHER EMPLOYEE BENEFITS

A. Employee Medical, Dental, and Vision Benefits

The Academy has contracted with a private carrier to provide employee medical/surgical benefits. The Academy pays 88% of the monthly premium for family, employee and spouse and singles. The employee is responsible for the remaining percentage. For fiscal year 2007, the Academy's and the employees' premiums, respectively, were \$791.27 and \$94.96 for family coverage and \$320.43 and \$38.45 for single coverage per employee per month.

The Academy has also contracted with private carriers to provide dental and vision insurance. As with medical benefits premiums, the Academy does not pay a percentage of the monthly premium for single and family employees, respectively. The employee is responsible for all of the monthly premiums. The employees' premiums for dental and vision were \$83.09 for family coverage and \$24.29 for single coverage per employee per month.

B. Insurance Benefits

The Academy provides life insurance to all employees through a private carrier. Coverage in the amount of \$20,000 is provided for all certified and non-certified employees. The Academy pays premiums for this coverage at a rate of \$2.10 per employee per month.

NOTE 12 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The Academy contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746, or by calling (800) 878-5853, or by visiting the SERS website at www.ohsers.org under Forms and Publications.

Plan members are required to contribute 10 percent of their annual covered salary and the Academy is required to contribute at an actuarially determined rate. The current Academy rate is 14 percent of annual covered payroll. A portion of the Academy's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2007, 10.68 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2006, 10.58 percent of annual covered salary was the portion used to fund pension obligations. 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.

**EAGLE HEIGHTS ACADEMY
MAHONING COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 12 - DEFINED BENEFIT PENSION PLANS (Continued)

The Academy's required contribution for pension obligations to SERS for fiscal years ended 2007, 2006, and 2005 were \$114,880, \$136,320 and \$147,833; 35.24 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005. \$74,401 represents the unpaid pension contribution for fiscal year 2007 and is recorded as a liability within the respective funds.

B. State Teachers Retirement System

The Academy 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. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, or by calling (614) 227-4090, or by visiting the STRS Ohio website at www.strsoh.org.

New members have a choice of three retirement plans, 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 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both 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.

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. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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, 2007, plan members were required to contribute 10 percent of their annual covered salaries. The Academy was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2006, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, 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 Academy's required contributions for fund pension obligations to STRS Ohio for the fiscal years ended June 30, 2007, 2006, and 2005 were \$475,486, \$475,731 and \$488,518; 83.53 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005. \$78,312 represents the unpaid pension contribution for fiscal year 2007 and is recorded as a liability within the respective funds.

**EAGLE HEIGHTS ACADEMY
MAHONING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 13 - POST EMPLOYMENT BENEFITS

The Academy 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 obligations 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.

All STRS Ohio retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. 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 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 percent of covered payroll. For the fiscal year ended June 30, 2007, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. For the Academy, this amount equaled \$36,576 for fiscal year 2007.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2007, the balance in the Health Care Stabilization Fund was \$4.1 billion. For the fiscal year ended June 30, 2007, net health care costs paid by STRS Ohio were \$265.558 million and STRS Ohio had 112,934 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and 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.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2007, employer contributions to fund health care benefits were 3.32 percent of covered payroll, a decrease of .10 percent from fiscal year 2006. 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 2007, the minimum pay was established at \$35,800. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the 2007 fiscal year, the Academy paid \$60,683 to fund health care benefits, including the surcharge.

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 annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2007 were \$127.616 million. At June 30, 2007, SERS had net assets available for payment of health care benefits of \$386.355 million. On the basis of actuarial projections, the allocated contributions will be insufficient in the long term, to provide for a health care reserve equal to at least 150 percent of estimated annual net claim costs. At June 30, 2007, SERS had 55,818 participants currently receiving health care benefits.

**EAGLE HEIGHTS ACADEMY
MAHONING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 14 - CONTINGENCIES

A. Grants

The Academy received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Academy at June 30, 2007.

B. Litigation

At June 30, 2007, the Academy was party to legal proceedings seeking damages or injunctive relief from the Academy. A liability of \$30,000 in judgments payable has been reported on the basic financial statements.

NOTE 15 - JOINTLY GOVERNED COUNCIL OF GOVERNMENTS

Tri-Rivers Educational Computer Association (TRECA)

TRECA is a jointly governed Council of Governments organization among 21 school districts. TRECA was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to the administrative and instructional functions of member districts. Each of the governments of these school's supports TRECA based upon a per pupil charge, dependent upon the software package utilized. TRECA is governed by a Board of Directors consisting of superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the Board. Eagle Heights is a non-voting member of this organization. In the event of the dissolution of TRECA, all current members will share in net obligations or asset liquidations in a ratio proportionate to their last twelve months' financial contributions. Financial information is available from Mike Carder, Director, at 2222 Marion/Mt. Gilead Road, Marion, Ohio 43302.

NOTE 16 – SUBSEQUENT EVENTS

As of June 30, 2007, the Academy had deficit cash of (\$323,166) and deficit unrestricted net assets of (\$3,179,111). The Academy has hired Cohen and Company, Certified Public Accountants, to assist in determining the current cash financial position. The Board, representatives from the Academy's Sponsor, and the Chief Academic Officer have compiled and approved a financial recovery plan on January 15, 2009, in response to their financial crisis.

On August 25, 2009, the Ohio Department of Education made the determination that the Academy would terminate operations as of June 30, 2010 due to poor academic performance with state proficiency standards.

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**EAGLE HEIGHTS ACADEMY
MAHONING COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2007**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
School Breakfast Program	05-PU	10.553	\$117,018		\$117,018	
National School Lunch Program	03-PU, 04-PU	10.555	<u>300,593</u>		<u>300,593</u>	
Total Department of Agriculture - Nutrition Cluster			<u>417,611</u>		<u>417,611</u>	
UNITED STATES DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Food Donation		10.550		\$12,364		\$12,364
UNITED STATES DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States	6B-SF	84.027	197,604		214,060	
Title I Grants to Local Educational Agencies	C1-S1	84.010	748,935		759,094	
Safe and Drug Free Schools and Communities - State Grants	DR-S1	84.186	20,895		17,168	
21st Century Community Learning Centers	T1-S1	84.287	307,665		312,352	
Early Childhood Special Education		84.150			4,550	
State Grants for Innovative Programs	C2-S1	84.298	8,599		4,320	
Education Technology State Grants	TJ-S1	84.318	3,981		16,915	
Improving Teacher Quality State Grants	TR-S1	84.367	<u>152,693</u>		<u>82,600</u>	
Total Department of Education			<u>1,440,372</u>		<u>1,411,059</u>	
Totals			<u>\$1,857,983</u>	<u>\$12,364</u>	<u>\$1,828,670</u>	<u>\$12,364</u>

The accompanying notes are an integral part of this schedule.

**EAGLE HEIGHTS ACADEMY
MAHONING COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2007**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the "Schedule") reports the Eagle Heights Academy's (the "Academy's") federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

The Academy commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the Academy assumes it expends federal monies first.

NOTE C – FOOD DONATION PROGRAM

Program regulations do not require the Academy to maintain separate inventory records for purchased food versus food commodities it receives from the U.S. Department of Agriculture. The Academy reports commodities consumed on the Schedule at the fair value or entitlement value.

NOTE D - MATCHING REQUIREMENTS

Certain Federal programs require the Academy to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Academy has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



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*

Eagle Heights Academy
Mahoning County
1833 Market Street
Youngstown, Ohio 44507

To the Board of Trustees:

We were engaged to audit the financial statements of Eagle Heights Academy, Mahoning County (the Academy) as of and for the year ended June 30, 2007 and have issued our report dated January 29, 2010, in which we disclaimed an opinion upon the financial statements because we were unable to obtain a written representation letter from the Academy. On August 25, 2009, the Ohio Department of Education made the determination that the Academy would terminate operations as of June 30, 2010.

Internal Control Over Financial Reporting

In planning and performing our engagement, we considered the Academy's internal control over financial reporting as a basis for designing our auditing procedures for expressing our opinions 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 Government's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider findings 2007-001, 2007-002, and 2007-034 described in the accompanying schedule of findings and questioned costs 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 finding numbers 2007-001, 2007-002, and 2007-034 are also material weaknesses.

We also noted certain internal control matters that we reported to the Academy's management in a separate letter dated January 29, 2010.

Compliance and Other Matters

To the extent possible, 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 and questioned costs as items 2007-003 through 2007-034.

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 January 29, 2010.

The Academy's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Academy's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of the audit committee, management, the Board of Trustees, the Community School's sponsor, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

January 29, 2010



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Eagle Heights Academy
Mahoning County
1833 Market Street
Youngstown, Ohio 44507

To the Board of Trustees:

Compliance

We were engaged to audit the compliance of Eagle Heights Academy, (the "Academy") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to each of its major federal programs for the year ended June 30, 2007. The summary of auditor's results section of the accompanying schedule of findings and questioned costs identifies the Academy's major federal programs. The Academy's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Academy's compliance based on our audit.

We were unable to conduct our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require us to obtain a written representation letter from management as part of our audit. We were unable to obtain this written representation letter from management of the Academy.

As described in finding 2007-035 in the accompanying schedule of findings and questioned costs, the Academy did not comply with requirements regarding activities allowed or unallowed and allowable costs/cost principles applying to its Title I Grants To Local Educational Agencies (CFDA #84.010) and its Twenty-First Century Community Learning Centers grant (CFDA #84.287). As described in finding 2007-036 in the accompanying schedule of findings and questioned costs, the Academy did not comply with requirements regarding reporting for its Title I Grants to Local Educational Agencies (CFDA #84.010) and its Twenty-First Century Community Learning Centers grant (CFDA #84.287).

Since the Academy could not present a written representation letter, the scope of our auditing procedures was not sufficient to enable us to express, and we do not express, an opinion on whether the Academy had complied with the requirements referred to in the first paragraph.

In a separate letter to the Academy's management dated January 29, 2010, we reported another matter related to federal noncompliance not requiring inclusion in this report.

Internal Control Over Compliance

The Academy's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Academy's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control over compliance.

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

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Academy's ability to administer a federal program such that there is more than a remote likelihood that the Academy's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as findings 2007-035 and 2007-036 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that the Academy's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider finding 2007-035 to be a material weakness.

The Academy's responses to the findings we identified are described in the accompanying schedule of findings and questioned costs. We did not audit the Academy's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of the audit committee, management, the Board of Trustees, the Community School's sponsor, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

January 29, 2010

**EAGLE HEIGHTS ACADEMY
MAHONING COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2007**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	Yes
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	Yes
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Qualified
(d)(1)(vi)	Are there any reportable findings under § .510?	Yes
(d)(1)(vii)	Major Programs (list):	Title I Grants To Local Educational Agencies (CFDA #84.010) Twenty-First Century Community Learning Centers grant (CFDA #84.287)
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

FINDING NUMBER - 2007-001

Material Weakness – Cash and Payroll Reconciliations

The Academy does not perform monthly bank reconciliations for the regular or payroll accounts. Reconciliations are only performed after the fiscal year has ended. This situation has led to the inability of the Academy to detect accounting errors or other irregularities on a timely basis and of maintaining proper cash management over these accounts. It also resulted in seven adjustments to the financial statements and the accounting records totaling \$106,413. These adjustments have been posted.

To improve this weakness, we recommend that these accounts be reconciled on a monthly basis and that any errors or mispostings be corrected on a timely basis. The Academy should also ensure that all reconciling items are sufficiently supported by documentation. Finally, the Business Manager should include the monthly reconciliations into the report package that is given to the Board at their monthly meeting so that they can be kept informed of the financial position of the Academy. This will help improve financial accountability for all expenditures and reduce the risk of misappropriation of Academy assets.

Officials' Response:

In order to maintain segregation of duties and establish an effective system of internal controls, Eagle Heights has begun a practice whereby the Treasurer performs monthly reconciliations of all cash accounts. The Treasurer does not prepare checks and is not a check signor. EHA will institute a written policy for internal control which will include requiring monthly cash reconciliations and provision of same to the Board of Directors.

FINDING NUMBER - 2007-002

Material Weakness – Control Environment

Internal control is a process, affected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance of achieving the following objectives:

- Reliable financial reporting
- Effective and efficient operations
- Compliance with laws and regulations.

Components of the internal control process include the establishment of an effective control environment. The control environment sets the tone of an organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure.

**FINDING NUMBER - 2007-002
(Continued)**

Control environment factors include:

- Integrity and ethical values.
- Commitment to competence.
- Governing board or audit committee participation.
- Management's philosophy and operating style.
- Organizational structure.
- Assignment of authority and responsibility (i.e. job descriptions).
- Human resource policies and practices.
- Governmental control environments should also address compliance with laws, regulations, contracts, and grant transactions.
- Segregation of duties in the Business Manager's office.

The Business Manager is responsible for and performs all recording of revenue, whether received in the form of cash, check, or wire transfer, and is also responsible for making bank deposits and performing monthly bank reconciliations.

One person performing all three of these functions increases the possibility that errors or irregularities may occur and not be detected in a timely manner. All of the Academy's checks are rubber stamp approved by the Business Manager and a Board Member.

This situation establishes a weak, ineffective control environment which could lead to unreliable financial reporting, ineffective and inefficient operations and noncompliance with laws and regulations.

We recommend management delegate the responsibilities of depositing monies received in the form of cash or check to another employee (e.g. the Principal of the Academy or Secretary to the Business Manager). This would establish some segregation of duties in the revenue cycle. Although the majority of the Academy's revenue is wire transferred into its bank accounts from the State of Ohio, reasonable steps should be taken to minimize the risk of errors or irregularities occurring with respect to liquid and portable assets such as cash. This will help to ensure the achievement of reliable financial reporting, effective and efficient operations and compliance with laws and regulations.

Officials' Response:

In order to maintain segregation of duties as part of an effective system of internal controls, Eagle Heights Academy has instituted a practice whereby the Fiscal Assistant will receive and log monies, the Treasurer will post receipts to the computerized accounting system and the EMIS/Fiscal Assistant will reconcile receipts to the log, prepare deposits and deliver to the bank. EHA will institute a written internal control policy to this effect.

FINDING NUMBER - 2007-003

Finding for Recovery

At the end of the 2006-2007 school year, Ronald King received an additional one-time payment from the 21st Century Grant in the amount of \$5,000. This payment was not related to documented work or payment of contract. Additionally, there is no evidence of approval of such payment by the Governing Board. The payment is detailed below:

Payee	Position	Check No.	Date	Amount
Ronald King	Program Budget Administrator	EFT	5/11/2007	\$5,000

The payment in question was authorized by Linda Mansfield, Program Coordinator and Mr. King.

In accordance with the foregoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Ronald King and his bonding company, Ohio Farmers Insurance Co., jointly and severally liable in the amount of \$5,000 in favor of the Eagle Heights Academy Miscellaneous Federal Grants Fund.

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 the expenditure. Seward v. National Surety Corp., 120 Ohio St. 47 (1929); 1980 Op. Atty Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. Rel. Village of Linndale v. Masten, 18 Ohio St. 3d 228 (1985). 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. Atty Gen. No. 80-074.

Accordingly, Linda Mansfield is jointly and severally liable in the amount of \$5,000 and in favor of the Eagle Heights Academy Miscellaneous Federal Grants Fund.

Linda Mansfield will be liable only to the extent that payment is not made by Ronald King.

We believe this finding also represents a federal questioned cost under compliance requirements described in the U.S Office of Management and Budget (OMB) Circular A-133 that apply to the 21st Century Grant in finding number 2007-035.

Officials' Response:

Eagle Heights Academy has subsequently instituted a practice and policy of insuring all expenditures and payments are properly documented to staff and vendors for approval and payment through documentation. The new CEO and Treasurer are working to execute these for protection and adherence of compliance.

This related to the practices in question for the former business manager [Ron King] that had proposed and processed payment for all parties utilizing the funds in question related to audit findings 2007-003 through 2007-031.

FINDING NUMBER - 2007-004

Finding for Recovery

At the end of the 2006-2007 school year, Linda Mansfield received an additional one-time payment from the 21st Century Grant in the amount of \$5,000. This payment was not related to documented work or payment of contract. Additionally, there is no evidence of approval of such payment by the Governing Board. The payment is detailed below:

Payee	Position	Check No.	Date	Amount
Linda Mansfield	Program Coordinator	EFT	5/11/2007	\$5,000

The payment in question was authorized by Ms. Mansfield and Ronald King, Program Budget Administrator.

In accordance with the foregoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Linda Mansfield, Program Coordinator, in the amount of \$5,000 in favor of the Eagle Heights Academy Miscellaneous Federal Grants Fund.

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 the expenditure. Seward v. National Surety Corp., 120 Ohio St. 47 (1929); 1980 Op. Atty Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. Rel. Village of Linndale v. Masten, 18 Ohio St. 3d 228 (1985). 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. Atty Gen. No. 80-074.

Accordingly, Ronald King and his bonding company, Ohio Farmers Insurance Co., are jointly and severally liable in the amount of \$5,000 and in favor of the Eagle Heights Academy Miscellaneous Federal Grants Fund.

Ronald King will be liable only to the extent that payment is not made by Linda Mansfield.

We believe this finding also represents a federal questioned cost under compliance requirements described in the U.S Office of Management and Budget (OMB) Circular A-133 that apply to the 21st Century Grant in finding number 2007-035.

Officials' Response:

Eagle Heights Academy has subsequently instituted a practice and policy of insuring all expenditures and payments are properly documented to staff and vendors for approval and payment through documentation. The new CEO and Treasurer are working to execute these for protection and adherence of compliance.

FINDING NUMBER - 2007-005

Finding for Recovery

At the end of the 2006-2007 school year, Elisabeth Hether received an additional one-time payment from the 21st Century Grant in the amount of \$1,000. This payment was not related to documented work or payment of contract. Additionally, there is no evidence of approval of such payment by the Governing Board. The payment is detailed below:

Payee	Position	Check No.	Date	Amount
Elisabeth Hether	Teacher	EFT	5/11/2007	\$1,000

The payment in question was authorized by Linda Mansfield, Program Coordinator and Ronald King, Program Budget Administrator.

In accordance with the foregoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Elisabeth Hether, Teacher, in the amount of \$1,000 and in favor of the Eagle Heights Academy Miscellaneous Federal Grants Fund.

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 the expenditure. Seward v. National Surety Corp., 120 Ohio St. 47 (1929); 1980 Op. Atty Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. Rel. Village of Linndale v. Masten, 18 Ohio St. 3d 228 (1985). 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. Atty Gen. No. 80-074.

Accordingly, Ronald King, his bonding company, Ohio Farmers Insurance Co., and Linda Mansfield will be jointly and severally liable in the amount of \$1,000 in favor of the Eagle Heights Academy Miscellaneous Grants Fund.

Ronald King and Linda Mansfield will only be liable to the extent that payment is not made by Elisabeth Hether.

We believe this finding also represents a federal questioned cost under compliance requirements described in the U.S Office of Management and Budget (OMB) Circular A-133 that apply to the 21st Century Grant in finding number 2007-035.

Officials' Response:

Eagle Heights Academy has subsequently instituted a practice and policy of insuring all expenditures and payments are properly documented to staff and vendors for approval and payment through documentation. The new CEO and Treasurer are working to execute these for protection and adherence of compliance.

FINDING NUMBER - 2007-006

Finding for Recovery

At the end of the 2006-2007 school year, Kathy Jo Harris received an additional one-time payment from the 21st Century Grant in the amount of \$1,000. This payment was not related to documented work or payment of contract. Additionally, there is no evidence of approval of such payment by the Governing Board. The payment is detailed below:

Payee	Position	Check No.	Date	Amount
Kathy Jo Harris	Teacher	EFT	5/11/2007	\$1,000

The payment in question was authorized by Linda Mansfield, Program Coordinator and Ronald King, Program Budget Administrator.

In accordance with the foregoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Kathy Jo Harris, Teacher, in the amount of \$1,000 in favor of the Eagle Heights Academy Miscellaneous Federal Grants Fund.

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 the expenditure. Seward v. National Surety Corp., 120 Ohio St. 47 (1929); 1980 Op. Atty Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. Rel. Village of Linndale v. Masten, 18 Ohio St. 3d 228 (1985).

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. Atty Gen. No. 80-074.

Accordingly, Ronald King, his bonding company, Ohio Farmers Insurance Co., and Linda Mansfield will be jointly and severally liable in the amount of \$1,000 in favor of the Eagle Heights Academy Miscellaneous Grants Fund.

Ronald King and Linda Mansfield will only be liable to the extent that payment is not made by Kathy Jo Harris.

We believe this finding also represents a federal questioned cost under compliance requirements described in the U.S Office of Management and Budget (OMB) Circular A-133 that apply to the 21st Century Grant in finding number 2007-035.

Officials' Response:

Eagle Heights Academy has subsequently instituted a practice and policy of insuring all expenditures and payments are properly documented to staff and vendors for approval and payment through documentation. The new CEO and Treasurer are working to execute these for protection and adherence of compliance.

FINDING NUMBER - 2007-007

Finding for Recovery

At the end of the 2006-2007 school year, Amy Fedele received an additional one-time payment from the 21st Century Grant in the amount of \$1,000. This payment was not related to documented work or payment of contract. Additionally, there is no evidence of approval of such payment by the Governing Board. The payment is detailed below:

Payee	Position	Check No.	Date	Amount
Amy Fedele	Teacher	EFT	5/11/2007	\$1,000

The payment in question was authorized by Linda Mansfield, Program Coordinator and Ronald King, Program Budget Administrator.

In accordance with the foregoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Amy Fedele, Teacher, in the amount of \$1,000 in favor of the Eagle Heights Academy Miscellaneous Federal Grants Fund.

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 the expenditure. Seward v. National Surety Corp., 120 Ohio St. 47 (1929); 1980 Op. Atty Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. Rel. Village of Linndale v. Masten, 18 Ohio St. 3d 228 (1985). 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. Atty Gen. No. 80-074.

Accordingly, Ronald King, his bonding company, Ohio Farmers Insurance Co., and Linda Mansfield will be jointly and severally liable in the amount of \$1,000 in favor of the Eagle Heights Academy Miscellaneous Grants Fund.

Ronald King and Linda Mansfield will only be liable to the extent that payment is not made by Amy Fedele.

We believe this finding also represents a federal questioned cost under compliance requirements described in the U.S Office of Management and Budget (OMB) Circular A-133 that apply to the 21st Century Grant in finding number 2007-035.

Officials' Response:

Eagle Heights Academy has subsequently instituted a practice and policy of insuring all expenditures and payments are properly documented to staff and vendors for approval and payment through documentation. The new CEO and Treasurer are working to execute these for protection and adherence of compliance.

FINDING NUMBER - 2007-008

Finding for Recovery

At the end of the 2006-2007 school year, Jackie Evans received an additional one-time payment from the 21st Century Grant in the amount of \$600. This payment was not related to documented work or payment of contract. Additionally, there is no evidence of approval of such payment by the Governing Board. The payment is detailed below:

Payee	Position	Check No.	Date	Amount
Jackie Evans	Teacher	EFT	5/11/2007	\$600

The payment in question was authorized by Linda Mansfield, Program Coordinator and Ronald King, Program Budget Administrator.

In accordance with the foregoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Jackie Evans, Teacher, in the amount of \$600 in favor of the Eagle Heights Academy Miscellaneous Federal Grants Fund.

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 the expenditure. Seward v. National Surety Corp., 120 Ohio St. 47 (1929); 1980 Op. Atty Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. Rel. Village of Linndale v. Masten, 18 Ohio St. 3d 228 (1985).

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. Atty Gen. No. 80-074.

Accordingly, Ronald King, his bonding company, Ohio Farmers Insurance Co., and Linda Mansfield will be jointly and severally liable in the amount of \$600 in favor of the Eagle Heights Academy Miscellaneous Grants Fund.

Ronald King and Linda Mansfield will only be liable to the extent that payment is not made by Jackie Evans.

We believe this finding also represents a federal questioned cost under compliance requirements described in the U.S Office of Management and Budget (OMB) Circular A-133 that apply to the 21st Century Grant in finding number 2007-035.

Officials' Response:

Eagle Heights Academy has subsequently instituted a practice and policy of insuring all expenditures and payments are properly documented to staff and vendors for approval and payment through documentation. The new CEO and Treasurer are working to execute these for protection and adherence of compliance.

FINDING NUMBER - 2007-009

Finding for Recovery

At the end of the 2006-2007 school year, Alicia Ethan received an additional one-time payment from the 21st Century Grant in the amount of \$1,000. This payment was not related to documented work or payment of contract. Additionally, there is no evidence of approval of such payment by the Governing Board. The payment is detailed below:

Payee	Position	Check No.	Date	Amount
Alicia Ethan	Teacher	EFT	5/11/2007	\$1,000

The payment in question was authorized by Linda Mansfield, Program Coordinator and Ronald King, Program Budget Administrator.

In accordance with the foregoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Alicia Ethan, Teacher, in the amount of \$1,000 in favor of the Eagle Heights Academy Miscellaneous Federal Grants Fund.

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 the expenditure. Seward v. National Surety Corp., 120 Ohio St. 47 (1929); 1980 Op. Atty Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. Rel. Village of Linndale v. Masten, 18 Ohio St. 3d 228 (1985). 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. Atty Gen. No. 80-074.

Accordingly, Ronald King, his bonding company, Ohio Farmers Insurance Co. and Linda Mansfield will be jointly and severally liable in the amount of \$1,000 in favor of the Eagle Heights Academy Miscellaneous Grants Fund.

We believe this finding also represents a federal questioned cost under compliance requirements described in the U.S Office of Management and Budget (OMB) Circular A-133 that apply to the 21st Century Grant in finding number 2007-035.

Officials' Response:

Eagle Heights Academy has subsequently instituted a practice and policy of insuring all expenditures and payments are properly documented to staff and vendors for approval and payment through documentation. The new CEO and Treasurer are working to execute these for protection and adherence of compliance.

FINDING NUMBER - 2007-010

Finding for Recovery

At the end of the 2006-2007 school year, Mary DiPasquale received an additional one-time payment from the 21st Century Grant in the amount of \$1,000. This payment was not related to documented work or payment of contract. Additionally, there is no evidence of approval of such payment by the Governing Board. The payment is detailed below:

Payee	Position	Check No.	Date	Amount
Mary DiPasquale	Teacher	EFT	5/11/2007	\$1,000

The payment in question was authorized by Linda Mansfield, Program Coordinator and Ronald King, Program Budget Administrator.

In accordance with the foregoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Mary DiPasquale, Teacher, in the amount of \$1,000 in favor of the Eagle Heights Academy Miscellaneous Federal Grants Fund.

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 the expenditure. Seward v. National Surety Corp., 120 Ohio St. 47 (1929); 1980 Op. Atty Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. Rel. Village of Linndale v. Masten, 18 Ohio St. 3d 228 (1985). 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. Atty Gen. No. 80-074.

Accordingly, Ronald King, his bonding company, Ohio Farmers Insurance Co., and Linda Mansfield will be jointly and severally liable in the amount of \$1,000 in favor of the Eagle Heights Academy Miscellaneous Grants Fund.

Ronald King and Linda Mansfield will only be liable to the extent that payment is not made by Mary DiPasquale.

We believe this finding also represents a federal questioned cost under compliance requirements described in the U.S Office of Management and Budget (OMB) Circular A-133 that apply to the 21st Century Grant in finding number 2007-035.

Officials' Response:

Eagle Heights Academy has subsequently instituted a practice and policy of insuring all expenditures and payments are properly documented to staff and vendors for approval and payment through documentation. The new CEO and Treasurer are working to execute these for protection and adherence of compliance.

FINDING NUMBER - 2007-011

Finding for Recovery

At the end of the 2006-2007 school year, Cecilia Cruz received an additional one-time payment from the 21st Century Grant in the amount of \$1,000. This payment was not related to documented work or payment of contract. Additionally, there is no evidence of approval of such payment by the Governing Board. The payment is detailed below:

Payee	Position	Check No.	Date	Amount
Cecilia Cruz	Clerk	EFT	5/11/2007	\$1,000

The payment in question was authorized by Linda Mansfield, Program Coordinator and Ronald King, Program Budget Administrator.

In accordance with the forgoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Cecilia Cruz, Clerk, in the amount of \$1,000 in favor of the Eagle Heights Academy Miscellaneous Federal Grants Fund.

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 the expenditure. Seward v. National Surety Corp., 120 Ohio St. 47 (1929); 1980 Op. Atty Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. Rel. Village of Linndale v. Masten, 18 Ohio St. 3d 228 (1985). 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. Atty Gen. No. 80-074.

Accordingly, Ronald King, his bonding company, Ohio Farmers Insurance Co., and Linda Mansfield will be jointly and severally liable in the amount of \$1,000 in favor of the Eagle Heights Academy Miscellaneous Grants Fund.

Ronald King and Linda Mansfield will only be liable to the extent that payment is not made by Cecilia Cruz.

We believe this finding also represents a federal questioned cost under compliance requirements described in the U.S Office of Management and Budget (OMB) Circular A-133 that apply to the 21st Century Grant in finding number 2007-035.

Officials' Response:

Eagle Heights Academy has subsequently instituted a practice and policy of insuring all expenditures and payments are properly documented to staff and vendors for approval and payment through documentation. The new CEO and Treasurer are working to execute these for protection and adherence of compliance.

FINDING NUMBER - 2007-012

Finding for Recovery

At the end of the 2006-2007 school year, Kyrallyssa Chaney received an additional one-time payment from the 21st Century Grant in the amount of \$600. This payment was not related to documented work or payment of contract. Additionally, there is no evidence of approval of such payment by the Governing Board. The payment is detailed below:

Payee	Position	Check No.	Date	Amount
Kyrallyssa Chaney	Educational Assistant	EFT	5/11/2007	\$600

The payment in question was authorized by Linda Mansfield, Program Coordinator and Ronald King, Program Budget Administrator.

In accordance with the forgoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Kyrallyssa Chaney, Educational Assistant, in the amount of \$600 in favor of the Eagle Heights Academy Miscellaneous Federal Grants Fund.

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 the expenditure. Seward v. National Surety Corp., 120 Ohio St. 47 (1929); 1980 Op. Atty Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. Rel. Village of Linndale v. Masten, 18 Ohio St. 3d 228 (1985). 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. Atty Gen. No. 80-074.

Accordingly, Ronald King, his bonding company, Ohio Farmers Insurance Co., and Linda Mansfield will be jointly and severally liable in the amount of \$600 in favor of the Eagle Heights Academy Miscellaneous Grants Fund.

Ronald King and Linda Mansfield will only be liable to the extent that payment is not made by Kyrallyssa Chaney.

We believe this finding also represents a federal questioned cost under compliance requirements described in the U.S Office of Management and Budget (OMB) Circular A-133 that apply to the 21st Century Grant in finding number 2007-035.

Officials' Response:

Eagle Heights Academy has subsequently instituted a practice and policy of insuring all expenditures and payments are properly documented to staff and vendors for approval and payment through documentation. The new CEO and Treasurer are working to execute these for protection and adherence of compliance.

FINDING NUMBER - 2007-013

Finding for Recovery

At the end of the 2006-2007 school year, Emily Aikens received an additional one-time payment from the 21st Century Grant in the amount of \$1,000. This payment was not related to documented work or payment of contract. Additionally, there is no evidence of approval of such payment by the Governing Board. The payment is detailed below:

Payee	Position	Check No.	Date	Amount
Emily Aikens	Teacher	EFT	5/11/2007	\$1,000

The payment in question was authorized by Linda Mansfield, Program Coordinator and Ronald King, Program Budget Administrator.

In accordance with the forgoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Emily Aikens, Teacher, in the amount of \$1,000 in favor of the Eagle Heights Academy Miscellaneous Federal Grants Fund.

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 the expenditure. Seward v. National Surety Corp., 120 Ohio St. 47 (1929); 1980 Op. Atty Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. Rel. Village of Linndale v. Masten, 18 Ohio St. 3d 228(1985). 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. Atty Gen. No. 80-074.

Accordingly, Ronald King, his bonding company, Ohio Farmers Insurance Co., and Linda Mansfield will be jointly and severally in the amount of \$1,000 in favor of the Eagle Heights Academy Miscellaneous Grants Fund.

Ronald King and Linda Mansfield will only be liable to the extent that payment is not made by Emily Aikens.

We believe this finding also represents a federal questioned cost under compliance requirements described in the U.S Office of Management and Budget (OMB) Circular A-133 that apply to the 21st Century Grant in finding number 2007-035.

Officials' Response:

Eagle Heights Academy has subsequently instituted a practice and policy of insuring all expenditures and payments are properly documented to staff and vendors for approval and payment through documentation. The new CEO and Treasurer are working to execute these for protection and adherence of compliance.

FINDING NUMBER - 2007-014

Finding for Recovery

At the end of the 2006-2007 school year, Shelley Zura received an additional one-time payment from the 21st Century Grant in the amount of \$1,000. This payment was not related to documented work or payment of contract. Additionally, there is no evidence of approval of such payment by the Governing Board. The payment is detailed below:

Payee	Position	Check No.	Date	Amount
Shelley Zura	Teacher	EFT	5/11/2007	\$1,000

The payment in question was authorized by Linda Mansfield, Program Coordinator and Ronald King, Program Budget Administrator.

In accordance with the forgoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Shelley Zura, Teacher, in the amount of \$1,000 in favor of the Eagle Heights Academy Miscellaneous Federal Grants Fund.

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 the expenditure. Seward v. National Surety Corp., 120 Ohio St. 47 (1929); 1980 Op. Atty Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. Rel. Village of Linndale v. Masten, 18 Ohio St. 3d 228 (1985). 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. Atty Gen. No. 80-074.

Accordingly, Ronald King, his bonding company, Ohio Farmers Insurance Co., and Linda Mansfield will be jointly and severally liable in the amount of \$1,000 in favor of the Eagle Heights Academy Miscellaneous Grants Fund.

Ronald King and Linda Mansfield will only be liable to the extent that payment is not made by Shelley Zura.

We believe this finding also represents a federal questioned cost under compliance requirements described in the U.S Office of Management and Budget (OMB) Circular A-133 that apply to the 21st Century Grant in finding number 2007-035.

Officials' Response:

Eagle Heights Academy has subsequently instituted a practice and policy of insuring all expenditures and payments are properly documented to staff and vendors for approval and payment through documentation. The new CEO and Treasurer are working to execute these for protection and adherence of compliance.

FINDING NUMBER - 2007-015

Finding for Recovery

At the end of the 2006-2007 school year, Betty Oliver received an additional one-time payment from the 21st Century Grant in the amount of \$600. This payment was not related to documented work or payment of contract. Additionally, there is no evidence of approval of such payment by the Governing Board. The payment is detailed below:

Payee	Position	Check No.	Date	Amount
Betty Oliver	Educational Assistant	EFT	5/11/2007	\$600

The payment in question was authorized by Linda Mansfield, Program Coordinator and Ronald King, Program Budget Administrator.

In accordance with the forgoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Betty Oliver, Educational Assistant, in the amount of \$600 in favor of the Eagle Heights Academy Miscellaneous Federal Grants Fund.

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 the expenditure. Seward v. National Surety Corp., 120 Ohio St. 47 (1929); 1980 Op. Atty Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. Rel. Village of Linndale v. Masten, 18 Ohio St. 3d 228 (1985). 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. Atty Gen. No. 80-074.

Accordingly, Ronald King, his bonding company, Ohio Farmers Insurance Co., and Linda Mansfield will be jointly and severally liable in the amount of \$600 in favor of the Eagle Heights Academy Miscellaneous Grants Fund.

Ronald King and Linda Mansfield will only be liable to the extent that payment is not made by Betty Oliver.

We believe this finding also represents a federal questioned cost under compliance requirements described in the U.S Office of Management and Budget (OMB) Circular A-133 that apply to the 21st Century Grant in finding number 2007-035.

Officials' Response:

Eagle Heights Academy has subsequently instituted a practice and policy of insuring all expenditures and payments are properly documented to staff and vendors for approval and payment through documentation. The new CEO and Treasurer are working to execute these for protection and adherence of compliance.

FINDING NUMBER - 2007-016

Finding for Recovery

At the end of the 2006-2007 school year, Warren Parker received an additional one-time payment from the 21st Century Grant in the amount of \$600. This payment was not related to documented work or payment of contract. Additionally, there is no evidence of approval of such payment by the Governing Board. The payment is detailed below:

Payee	Position	Check No.	Date	Amount
Warren Parker	Educational Assistant	EFT	5/11/2007	\$600

The payment in question was authorized by Linda Mansfield, Program Coordinator and Ronald King, Program Budget Administrator.

In accordance with the forgoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Warren Parker, Educational Assistant, in the amount of \$600 in favor of the Eagle Heights Academy Miscellaneous Federal Grants Fund.

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 the expenditure. Seward v. National Surety Corp., 120 Ohio St. 47 (1929); 1980 Op. Atty Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. Rel. Village of Linndale v. Masten, 18 Ohio St. 3d 228 (1985). 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. Atty Gen. No. 80-074.

Accordingly, Ronald King, his bonding company, Ohio Farmers Insurance Co., and Linda Mansfield will be jointly and severally liable in the amount of \$600 in favor of the Eagle Heights Academy Miscellaneous Federal Grants Fund.

Ronald King and Linda Mansfield will only be liable to the extent that payment is not made by Warren Parker.

We believe this finding also represents a federal questioned cost under compliance requirements described in the U.S Office of Management and Budget (OMB) Circular A-133 that apply to the 21st Century Grant in finding number 2007-035.

Officials' Response:

Eagle Heights Academy has subsequently instituted a practice and policy of insuring all expenditures and payments are properly documented to staff and vendors for approval and payment through documentation. The new CEO and Treasurer are working to execute these for protection and adherence of compliance.

FINDING NUMBER - 2007-017

Finding for Recovery

At the end of the 2006-2007 school year, Nancy Rocco received an additional one-time payment from the 21st Century Grant in the amount of \$1,000. This payment was not related to documented work or payment of contract. Additionally, there is no evidence of approval of such payment by the Governing Board. The payment is detailed below:

Payee	Position	Check No.	Date	Amount
Nancy Rocco	Teacher	EFT	5/11/2007	\$1,000

The payment in question was authorized by Linda Mansfield, Program Coordinator and Ronald King, Program Budget Administrator.

In accordance with the forgoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Nancy Rocco, Teacher, in the amount of \$1,000 in favor of the Eagle Heights Academy Miscellaneous Federal Grants Fund.

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 the expenditure. Seward v. National Surety Corp., 120 Ohio St. 47 (1929); 1980 Op. Atty Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. Rel. Village of Linndale v. Masten, 18 Ohio St. 3d 228 (1985). 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. Atty Gen. No. 80-074.

Accordingly, Ronald King, his bonding company, Ohio Farmers Insurance Co., and Linda Mansfield will be jointly and severally liable in the amount of \$1,000 in favor of the Eagle Heights Academy Miscellaneous Grants Fund.

Ronald King and Linda Mansfield will only be liable to the extent that payment is not made by Nancy Rocco.

We believe this finding also represents a federal questioned cost under compliance requirements described in the U.S Office of Management and Budget (OMB) Circular A-133 that apply to the 21st Century Grant in finding number 2007-035.

Officials' Response:

Eagle Heights Academy has subsequently instituted a practice and policy of insuring all expenditures and payments are properly documented to staff and vendors for approval and payment through documentation. The new CEO and Treasurer are working to execute these for protection and adherence of compliance.

FINDING NUMBER - 2007-018

Finding for Recovery

At the end of the 2006-2007 school year, Denise Sebastian received an additional one-time payment from the 21st Century Grant in the amount of \$600. This payment was not related to documented work or payment of contract. Additionally, there is no evidence of approval of such payment by the Governing Board. The payment is detailed below:

Payee	Position	Check No.	Date	Amount
Denise Sebastian	Educational Assistant	EFT	5/11/2007	\$600

The payment in question was authorized by Linda Mansfield, Program Coordinator and Ronald King, Program Budget Administrator.

In accordance with the forgoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Denise Sebastian, Educational Assistant, in the amount of \$600 in favor of the Eagle Heights Academy Miscellaneous Federal Grants Fund.

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 the expenditure. Seward v. National Surety Corp., 120 Ohio St. 47 (1929); 1980 Op. Atty Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. Rel. Village of Linndale v. Masten, 18 Ohio St. 3d 228 (1985). 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. Atty Gen. No. 80-074.

Accordingly, Ronald King, his bonding company, Ohio Farmers Insurance Co., and Linda Mansfield will be jointly and severally liable in the amount of \$600 in favor of the Eagle Heights Academy Miscellaneous Grants Fund.

Ronald King and Linda Mansfield will only be liable to the extent that payment is not made by Denise Sebastian.

We believe this finding also represents a federal questioned cost under compliance requirements described in the U.S Office of Management and Budget (OMB) Circular A-133 that apply to the 21st Century Grant in finding number 2007-035.

Officials' Response:

Eagle Heights Academy has subsequently instituted a practice and policy of insuring all expenditures and payments are properly documented to staff and vendors for approval and payment through documentation. The new CEO and Treasurer are working to execute these for protection and adherence of compliance.

FINDING NUMBER - 2007-019

Finding for Recovery

At the end of the 2006-2007 school year, Angela Higgins received an additional one-time payment from the 21st Century Grant in the amount of \$1,000. This payment was not related to documented work or payment of contract. Additionally, there is no evidence of approval of such payment by the Governing Board. The payment is detailed below:

Payee	Position	Check No.	Date	Amount
Angela Higgins	Teacher	EFT	5/11/2007	\$1,000

The payment in question was authorized by Linda Mansfield, Program Coordinator and Ronald King, Program Budget Administrator.

In accordance with the forgoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Angela Higgins Teacher, in the amount of \$1,000 in favor of the Eagle Heights Academy Miscellaneous Federal Grants Fund.

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 the expenditure. Seward v. National Surety Corp., 120 Ohio St. 47 (1929); 1980 Op. Atty Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. Rel. Village of Linndale v. Masten, 18 Ohio St. 3d 228 (1985). 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. Atty Gen. No. 80-074.

Accordingly, Ronald King, his bonding company, Ohio Farmers Insurance Co., and Linda Mansfield will be jointly and severally liable in the amount of \$1,000 in favor of the Eagle Heights Academy Miscellaneous Grants Fund.

Ronald King and Linda Mansfield will only be liable to the extent that payment is not made by Angela Higgins.

We believe this finding also represents a federal questioned cost under compliance requirements described in the U.S Office of Management and Budget (OMB) Circular A-133 that apply to the 21st Century Grant in finding number 2007-035.

Officials' Response:

Eagle Heights Academy has subsequently instituted a practice and policy of insuring all expenditures and payments are properly documented to staff and vendors for approval and payment through documentation. The new CEO and Treasurer are working to execute these for protection and adherence of compliance.

FINDING NUMBER - 2007-020

Finding for Recovery

At the end of the 2006-2007 school year, Gail West received an additional one-time payment from the 21st Century Grant in the amount of \$1,000. This payment was not related to documented work or payment of contract. Additionally, there is no evidence of approval of such payment by the Governing Board. The payment is detailed below:

Payee	Position	Check No.	Date	Amount
Gail West	Teacher	EFT	5/11/2007	\$1,000

The payment in question was authorized by Linda Mansfield, Program Coordinator and Ronald King, Program Budget Administrator.

In accordance with the forgoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Gail West, Teacher, in the amount of \$1,000 in favor of the Eagle Heights Academy Miscellaneous Federal Grants Fund.

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 the expenditure. Seward v. National Surety Corp., 120 Ohio St. 47 (1929); 1980 Op. Atty Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. Rel. Village of Linndale v. Masten, 18 Ohio St. 3d 228 (1985). 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. Atty Gen. No. 80-074.

Accordingly, Ronald King, his bonding company, Ohio Farmers Insurance Co., and Linda Mansfield will be jointly and severally liable in the amount of \$1,000 in favor of the Eagle Heights Academy Miscellaneous Grants Fund.

Ronald King and Linda Mansfield will only be liable to the extent that payment is not made by Gail West.

We believe this finding also represents a federal questioned cost under compliance requirements described in the U.S Office of Management and Budget (OMB) Circular A-133 that apply to the 21st Century Grant in finding number 2007-035.

Officials' Response:

Eagle Heights Academy has subsequently instituted a practice and policy of insuring all expenditures and payments are properly documented to staff and vendors for approval and payment through documentation. The new CEO and Treasurer are working to execute these for protection and adherence of compliance.

FINDING NUMBER - 2007-021

Finding for Recovery

At the end of the 2006-2007 school year, Mary Ann Tofil received an additional one-time payment from the 21st Century Grant in the amount of \$1,000. This payment was not related to documented work or payment of contract. Additionally, there is no evidence of approval of such payment by the Governing Board. The payment is detailed below:

Payee	Position	Check No.	Date	Amount
Mary Ann Tofil	Educational Assistant	EFT	5/11/2007	\$1,000

The payment in question was authorized by Linda Mansfield, Program Coordinator and Ronald King, Program Budget Administrator.

In accordance with the forgoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Mary Ann Tofil, Educational Assistant, in the amount of \$1,000 in favor of the Eagle Heights Academy Miscellaneous Federal Grants Fund.

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 the expenditure. Seward v. National Surety Corp., 120 Ohio St. 47 (1929); 1980 Op. Atty Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. Rel. Village of Linndale v. Masten, 18 Ohio St. 3d 228 (1985). 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. Atty Gen. No. 80-074.

Accordingly, Ronald King, his bonding company, Ohio Farmers Insurance Co., and Linda Mansfield will be jointly and severally liable in the amount of \$1,000 in favor of the Eagle Heights Academy Miscellaneous Grants Fund.

Ronald King and Linda Mansfield will only be liable to the extent that payment is not made by Mary Ann Tofil.

We believe this finding also represents a federal questioned cost under compliance requirements described in the U.S Office of Management and Budget (OMB) Circular A-133 that apply to the 21st Century Grant in finding number 2007-035.

Officials' Response:

Eagle Heights Academy has subsequently instituted a practice and policy of insuring all expenditures and payments are properly documented to staff and vendors for approval and payment through documentation. The new CEO and Treasurer are working to execute these for protection and adherence of compliance.

FINDING NUMBER - 2007-022

Finding for Recovery

At the end of the 2006-2007 school year, Diana Zidian received an additional one-time payment from the 21st Century Grant in the amount of \$1,000. This payment was not related to documented work or payment of contract. Additionally, there is no evidence of approval of such payment by the Governing Board. The payment is detailed below:

Payee	Position	Check No.	Date	Amount
Diana Zidian	Teacher	EFT	5/11/2007	\$1,000

The payment in question was authorized by Linda Mansfield, Program Coordinator and Ronald King, Program Budget Administrator.

In accordance with the forgoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Diana Zidian, Teacher, in the amount of \$1,000 in favor of the Eagle Heights Academy Miscellaneous Federal Grants Fund.

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 the expenditure. Seward v. National Surety Corp., 120 Ohio St. 47 (1929); 1980 Op. Atty Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. Rel. Village of Linndale v. Masten, 18 Ohio St. 3d 228 (1985). 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. Atty Gen. No. 80-074.

Accordingly, Ronald King, his bonding company, Ohio Farmers Insurance Co., and Linda Mansfield will be jointly and severally liable in the amount of \$1,000 in favor of the Eagle Heights Academy Miscellaneous Grants Fund.

Ronald King and Linda Mansfield will only be liable to the extent that payment is not made by Diana Zidian.

We believe this finding also represents a federal questioned cost under compliance requirements described in the U.S Office of Management and Budget (OMB) Circular A-133 that apply to the 21st Century Grant in finding number 2007-035.

Officials' Response:

Eagle Heights Academy has subsequently instituted a practice and policy of insuring all expenditures and payments are properly documented to staff and vendors for approval and payment through documentation. The new CEO and Treasurer are working to execute these for protection and adherence of compliance.

FINDING NUMBER - 2007-023

Finding for Recovery

At the end of the 2006-2007 school year, Aida American received an additional one-time payment from the 21st Century Grant in the amount of \$1,000. This payment was not related to documented work or payment of contract. Additionally, there is no evidence of approval of such payment by the Governing Board. The payment is detailed below:

Payee	Position	Check No.	Date	Amount
Aida American	Teacher	EFT	5/11/2007	\$1,000

The payment in question was authorized by Linda Mansfield, Program Coordinator and Ronald King, Program Budget Administrator.

In accordance with the forgoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Aida American, Teacher, in the amount of \$1,000 in favor of the Eagle Heights Academy Miscellaneous Federal Grants Fund.

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 the expenditure. Seward v. National Surety Corp., 120 Ohio St. 47 (1929); 1980 Op. Atty Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. Rel. Village of Linndale v. Masten, 18 Ohio St. 3d 228 (1985). 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. Atty Gen. No. 80-074.

Accordingly, Ronald King, his bonding company, Ohio Farmers Insurance Co., and Linda Mansfield will be jointly and severally liable in the amount of \$1,000 in favor of the Eagle Heights Academy Miscellaneous Grants Fund.

Ronald King and Linda Mansfield will only be liable to the extent that payment is not made by Aida American.

We believe this finding also represents a federal questioned cost under compliance requirements described in the U.S Office of Management and Budget (OMB) Circular A-133 that apply to the 21st Century Grant in finding number 2007-035.

Officials' Response:

Eagle Heights Academy has subsequently instituted a practice and policy of insuring all expenditures and payments are properly documented to staff and vendors for approval and payment through documentation. The new CEO and Treasurer are working to execute these for protection and adherence of compliance.

FINDING NUMBER - 2007-024

Finding for Recovery

At the end of the 2006-2007 school year, Estelle Boone received an additional one-time payment from the 21st Century Grant in the amount of \$600. This payment was not related to documented work or payment of contract. Additionally, there is no evidence of approval of such payment by the Governing Board. The payment is detailed below:

Payee	Position	Check No.	Date	Amount
Estelle Boone	Educational Assistant	EFT	5/11/2007	\$600

The payment in question was authorized by Linda Mansfield, Program Coordinator and Ronald King, Program Budget Administrator.

In accordance with the forgoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Estelle Boone, Educational Assistant, in the amount of \$600 in favor of the Eagle Heights Academy Miscellaneous Federal Grants Fund.

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 the expenditure. Seward v. National Surety Corp., 120 Ohio St. 47 (1929); 1980 Op. Atty Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. Rel. Village of Linndale v. Masten, 18 Ohio St. 3d 228 (1985). 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. Atty Gen. No. 80-074.

Accordingly, Ronald King, his bonding company, Ohio Farmers Insurance Co., and Linda Mansfield will be jointly and severally liable in the amount of \$600 in favor of the Eagle Heights Academy Miscellaneous Grants Fund.

Ronald King and Linda Mansfield will only be liable to the extent that payment is not made by Estelle Boone.

We believe this finding also represents a federal questioned cost under compliance requirements described in the U.S Office of Management and Budget (OMB) Circular A-133 that apply to the 21st Century Grant in finding number 2007-035.

Officials' Response:

Eagle Heights Academy has subsequently instituted a practice and policy of insuring all expenditures and payments are properly documented to staff and vendors for approval and payment through documentation. The new CEO and Treasurer are working to execute these for protection and adherence of compliance.

FINDING NUMBER - 2007-025

Finding for Recovery

At the end of the 2006-2007 school year, Delisa Bowser received an additional one-time payment from the 21st Century Grant in the amount of \$1,100. This payment was not related to documented work or payment of contract. Additionally, there is no evidence of approval of such payment by the Governing Board. The payment is detailed below:

Payee	Position	Check No.	Date	Amount
Delisa Bowser	Parent Volunteer Coordinator	EFT	5/10/2007	\$1,100

The payment in question was authorized by Linda Mansfield, Program Coordinator and Ronald King, Program Budget Administrator.

In accordance with the forgoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Delisa Bowser, Parent Volunteer Coordinator, in the amount of \$1,100 in favor of the Eagle Heights Academy Miscellaneous Federal Grants Fund.

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 the expenditure. Seward v. National Surety Corp., 120 Ohio St. 47 (1929); 1980 Op. Atty Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. Rel. Village of Linndale v. Masten, 18 Ohio St. 3d 228 (1985). 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. Atty Gen. No. 80-074.

Accordingly, Ronald King, his bonding company, Ohio Farmers Insurance Co., and Linda Mansfield will be jointly and severally liable in the amount of \$1,100 in favor of the Eagle Heights Academy Miscellaneous Grants Fund.

Ronald King and Linda Mansfield will only be liable to the extent that payment is not made by Delisa Bowser.

We believe this finding also represents a federal questioned cost under compliance requirements described in the U.S Office of Management and Budget (OMB) Circular A-133 that apply to the 21st Century Grant in finding number 2007-035.

Officials' Response:

Eagle Heights Academy has subsequently instituted a practice and policy of insuring all expenditures and payments are properly documented to staff and vendors for approval and payment through documentation. The new CEO and Treasurer are working to execute these for protection and adherence of compliance.

FINDING NUMBER - 2007-026

Finding for Recovery

At the end of the 2006-2007 school year, LuAnn Bumgardner received an additional one-time payment from the 21st Century Grant in the amount of \$1,000. This payment was not related to documented work or payment of contract. Additionally, there is no evidence of approval of such payment by the Governing Board. The payment is detailed below:

Payee	Position	Check No.	Date	Amount
LuAnn Bumgardner	Teacher	EFT	5/11/2007	\$1,000

The payment in question was authorized by Linda Mansfield, Program Coordinator and Ronald King, Program Budget Administrator.

In accordance with the forgoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against LuAnn Bumgardner, Teacher, in the amount of \$1,000 in favor of the Eagle Heights Academy Miscellaneous Federal Grants Fund.

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 the expenditure. Seward v. National Surety Corp., 120 Ohio St. 47 (1929); 1980 Op. Atty Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. Rel. Village of Linndale v. Masten, 18 Ohio St. 3d 228 (1985). 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. Atty Gen. No. 80-074.

Accordingly, Ronald King, his bonding company, Ohio Farmers Insurance Co., and Linda Mansfield will be jointly and severally liable in the amount of \$1,000 in favor of the Eagle Heights Academy Miscellaneous Grants Fund.

Ronald King and Linda Mansfield will only be liable to the extent that payment is not made by LuAnn Bumgardner .

We believe this finding also represents a federal questioned cost under compliance requirements described in the U.S Office of Management and Budget (OMB) Circular A-133 that apply to the 21st Century Grant in finding number 2007-035.

Officials' Response:

Eagle Heights Academy has subsequently instituted a practice and policy of insuring all expenditures and payments are properly documented to staff and vendors for approval and payment through documentation. The new CEO and Treasurer are working to execute these for protection and adherence of compliance.

FINDING NUMBER - 2007-027

Finding for Recovery

At the end of the 2006-2007 school year, Justin Burnette received an additional one-time payment from the 21st Century Grant in the amount of \$600. This payment was not related to documented work or payment of contract. Additionally, there is no evidence of approval of such payment by the Governing Board. The payment is detailed below:

Payee	Position	Check No.	Date	Amount
Justin Burnette	Educational Assistant	EFT	5/11/2007	\$600

The payment in question was authorized by Linda Mansfield, Program Coordinator and Ronald King, Program Budget Administrator.

In accordance with the forgoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Justin Burnette, Educational Assistant, in the amount of \$600 in favor of the Eagle Heights Academy Miscellaneous Federal Grants Fund.

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 the expenditure. Seward v. National Surety Corp., 120 Ohio St. 47 (1929); 1980 Op. Atty Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. Rel. Village of Linndale v. Masten, 18 Ohio St. 3d 228 (1985). 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. Atty Gen. No. 80-074.

Accordingly, Ronald King, his bonding company, Ohio Farmers Insurance Co., and Linda Mansfield will be jointly and severally liable in the amount of \$600 in favor of the Eagle Heights Academy Miscellaneous Grants Fund.

Ronald King and Linda Mansfield will only be liable to the extent that payment is not made by Justin Burnette.

We believe this finding also represents a federal questioned cost under compliance requirements described in the U.S Office of Management and Budget (OMB) Circular A-133 that apply to the 21st Century Grant in finding number 2007-035.

Officials' Response:

Eagle Heights Academy has subsequently instituted a practice and policy of insuring all expenditures and payments are properly documented to staff and vendors for approval and payment through documentation. The new CEO and Treasurer are working to execute these for protection and adherence of compliance.

FINDING NUMBER - 2007-028

Finding for Recovery

At the end of the 2006-2007 school year, Edna Moore received an additional one-time payment from the 21st Century Grant in the amount of \$600. This payment was not related to documented work or payment of contract. Additionally, there is no evidence of approval of such payment by the Governing Board. The payment is detailed below:

Payee	Position	Check No.	Date	Amount
Edna Moore	Educational Assistant	EFT	5/11/2007	\$600

The payment in question was authorized by Linda Mansfield, Program Coordinator and Ronald King, Program Budget Administrator.

In accordance with the forgoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Edna Moore, Educational Assistant, in the amount of \$600 in favor of the Eagle Heights Academy Miscellaneous Federal Grants Fund.

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 the expenditure. Seward v. National Surety Corp., 120 Ohio St. 47 (1929); 1980 Op. Atty Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. Rel. Village of Linndale v. Masten, 18 Ohio St. 3d 228 (1985). 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. Atty Gen. No. 80-074.

Accordingly, Ronald King, his bonding company, Ohio Farmers Insurance Co., and Linda Mansfield will be jointly and severally liable in the amount of \$600 in favor of the Eagle Heights Academy Miscellaneous Grants Fund.

Ronald King and Linda Mansfield will only be liable to the extent that payment is not made by Edna Moore.

We believe this finding also represents a federal questioned cost under compliance requirements described in the U.S Office of Management and Budget (OMB) Circular A-133 that apply to the 21st Century Grant in finding number 2007-035.

Officials' Response:

Eagle Heights Academy has subsequently instituted a practice and policy of insuring all expenditures and payments are properly documented to staff and vendors for approval and payment through documentation. The new CEO and Treasurer are working to execute these for protection and adherence of compliance.

FINDING NUMBER - 2007-029

Finding for Recovery

At the end of the 2006-2007 school year, Debbie Shevel received an additional one-time payment from the 21st Century Grant in the amount of \$600. This payment was not related to documented work or payment of contract. Additionally, there is no evidence of approval of such payment by the Governing Board. The payment is detailed below:

Payee	Position	Check No.	Date	Amount
Debbie Shevel	Program Secretary	EFT	5/11/2007	\$600

The payment in question was authorized by Linda Mansfield, Program Coordinator and Ronald King, Program Budget Administrator.

In accordance with the forgoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Debbie Shevel, Program Secretary, in the amount of \$600 in favor of the Eagle Heights Academy Miscellaneous Federal Grants Fund.

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 the expenditure. Seward v. National Surety Corp., 120 Ohio St. 47 (1929); 1980 Op. Atty Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. Rel. Village of Linndale v. Masten, 18 Ohio St. 3d 228 (1985). 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. Atty Gen. No. 80-074.

Accordingly Ronald King, his bonding company, Ohio Farmers Insurance Co., and Linda Mansfield will be jointly and severally liable in the amount of \$600 in favor of the Eagle Heights Academy Miscellaneous Grants Fund.

Ronald King and Linda Mansfield will only be liable to the extent that payment is not made by Debbie Shevel.

We believe this finding also represents a federal questioned cost under compliance requirements described in the U.S Office of Management and Budget (OMB) Circular A-133 that apply to the 21st Century Grant in finding number 2007-035.

Officials' Response:

Eagle Heights Academy has subsequently instituted a practice and policy of insuring all expenditures and payments are properly documented to staff and vendors for approval and payment through documentation. The new CEO and Treasurer are working to execute these for protection and adherence of compliance.

FINDING NUMBER - 2007-030

Finding for Recovery

At the end of the 2006-2007 school year, Christy Kamperman received an additional one-time payment from the 21st Century Grant in the amount of \$1,000. This payment was not related to documented work or payment of contract. Additionally, there is no evidence of approval of such payment by the Governing Board. The payment is detailed below:

Payee	Position	Check No.	Date	Amount
Christy Kamperman	Teacher	EFT	5/18/2007	\$1,000

The payment in question was authorized by Linda Mansfield, Program Coordinator and Ronald King, Program Budget Administrator.

In accordance with the forgoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Christy Kamperman, Teacher, in the amount of \$1,000 in favor of the Eagle Heights Academy Miscellaneous Federal Grants Fund.

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 the expenditure. Seward v. National Surety Corp., 120 Ohio St. 47 (1929); 1980 Op. Atty Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. Rel. Village of Linndale v. Masten, 18 Ohio St. 3d 228 (1985). 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. Atty Gen. No. 80-074.

Accordingly, Ronald King, his bonding company, Ohio Farmers Insurance Co., and Linda Mansfield will be jointly and severally liable in the amount of \$1,000 in favor of the Eagle Heights Academy Miscellaneous Grants Fund.

Ronald King and Linda Mansfield will only be liable to the extent that payment is not made by Christy Kamperman.

We believe this finding also represents a federal questioned cost under compliance requirements described in the U.S Office of Management and Budget (OMB) Circular A-133 that apply to the 21st Century Grant in finding number 2007-035.

Officials' Response:

Eagle Heights Academy has subsequently instituted a practice and policy of insuring all expenditures and payments are properly documented to staff and vendors for approval and payment through documentation. The new CEO and Treasurer are working to execute these for protection and adherence of compliance.

FINDING NUMBER - 2007-031

Finding for Recovery

At the end of the 2006-2007 school year, Stephanie Leonardi-Montgomery received an additional one-time payment from the 21st Century Grant in the amount of \$1,000. This payment was not related to documented work or payment of contract. Additionally, there is no evidence of approval of such payment by the Governing Board. The payment is detailed below:

Payee	Position	Check No.	Date	Amount
Stephanie Leonardi-Montgomery	Teacher	EFT	5/18/2007	\$1,000

The payment in question was authorized by Linda Mansfield, Program Coordinator and Ronald King, Program Budget Administrator.

In accordance with the forgoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Stephanie Leonardi-Montgomery, Teacher, in the amount of \$1,000 in favor of the Eagle Heights Academy Miscellaneous Federal Grants Fund.

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 the expenditure. Seward v. National Surety Corp., 120 Ohio St. 47 (1929); 1980 Op. Atty Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. Rel. Village of Linndale v. Masten, 18 Ohio St. 3d 228 (1985). 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. Atty Gen. No. 80-074.

Accordingly, Ronald King, his bonding company, Ohio Farmers Insurance Co. and Linda Mansfield will be jointly and severally liable in the amount of \$1,000 in favor of the Eagle Heights Academy Miscellaneous Grants Fund.

Ronald King and Linda Mansfield will only be liable to the extent that payment is not made by Stephanie Leonardi-Montgomery.

We believe this finding also represents a federal questioned cost under compliance requirements described in the U.S Office of Management and Budget (OMB) Circular A-133 that apply to the 21st Century Grant in finding number 2007-035.

Officials' Response:

Eagle Heights Academy has subsequently instituted a practice and policy of insuring all expenditures and payments are properly documented to staff and vendors for approval and payment through documentation. The new CEO and Treasurer are working to execute these for protection and adherence of compliance.

FINDING NUMBER - 2007-032

Material Citation

Ohio Revised Code Section 3314.03(A)(11)(d) states that community schools will comply with certain provisions of the Ohio Revised Code, including section 5705.391. **Ohio Revised Code Section 5705.391** requires schools to submit five year projections of operational revenues and expenditures.

The spending plan on file with the Academy was submitted to the Ohio Department of Education on October 31, 2007 and included inaccurate fund cash balances on the report as noted below:

Five Year Financial Forecast at June 30:

Financial Forecast Fiscal Year	Forecast Fund Cash Balance	Audited Fund Cash Balance	Variance
2005	\$495,199	\$441,809	\$(53,390)
2006	\$2,342,235	\$26,427	\$(2,315,808)
2007	\$1,820,727	\$(323,166)	\$(2,143,893)

The Business Manager could not provide the documentation to support the five year projections.

The spending plan gives the Academy's management, its sponsor, and the Ohio Department of Education an indication of the Academy's current and future financial position. It could also provide an indication of the possibility of "going concern" conditions that would require the attention of the Academy's management and sponsor.

We recommend that Academy's Business Manager utilize accurate financial information when preparing the Academy's five year forecast and to maintain documentation to support the information that is contained in the forecast.

Officials' Response:

The Business Manager has updated the five year forecast to reflect current available financial information from the computerized accounting system, which includes unaudited figures from Fiscal Years 2008 and 2009 and budgeted figures from FY 2010. Supporting documentation is on file in the Business Office.

FINDING NUMBER - 2007-033

Material Citation

Ohio Revised Code Section 149.43 (A)(1) states that "public record" means records kept by any public office, including, but not limited to, state, county, city, village, township, and school district units. **Ohio Revised Code Section 149.43 (B)(1)** states that upon request and subject to division (B)(8) of this section, all public records responsive to the request shall be promptly prepared and made available for inspection to any person at all reasonable times during regular business hours.

The Academy could not provide copies of the time records for teachers paid with federal funds nor could they provide a requisition for the purchase of Dell computers in the amount of \$43,560.

We recommend that the Academy maintain records in a manner which provides for timely response to records requested.

**FINDING NUMBER - 2007-033
(Continued)**

Officials' Response

As part of an effective internal control system, Eagle Heights Academy has begun a practice of maintaining all supporting documentation for each expenditure in a readily accessible file location. All requests for payment require the necessary purchase requisition and purchase order with prior written approval, documentation of delivery of supply or service and receipt of invoice before payment will be released. EHA will institute a written policy requiring proper supporting documentation of each purchase.

FINDING NUMBER - 2007-034

Material Citation and Material Weakness

26 USCS Sections 3102 and 3402 require the employing government to withhold federal and employment-related taxes (such as Medicare and Social Security) from each employee. Furthermore, these chapters hold employers liable for reporting and payment of these taxes.

The Academy properly withheld Federal income taxes from employee payroll checks but did not file a return and remit the taxes to the Federal Government. The amount withheld from employees during fiscal year 2007 was \$333,722.34 (federal withholdings) and \$120,658.92 (Medicare withholdings). An audit adjustment, with the client's agreement, was posted for these liabilities and they are properly reflected in the Academy's audited financial statements. This issue will also be referred to the Internal Revenue Service.

We recommend that the Academy promptly pay taxes that are withheld to avoid any penalties and interest that the taxing authority may impose on the Academy.

Officials' Response:

Eagle Heights Academy has begun a practice of remitting employee withholding within the required time frame, as well filing the proper tax returns in a timely manner. EHA will institute a written policy requiring same.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

1. Allowable Costs – Time and Effort Documentation

Finding Number	2007-035
CFDA Title and Number	Title I Grants To Local Educational Agencies CFDA # 84.010 Twenty-First Century Community Learning Centers CFDA # # 84.287
Federal Award Number / Year	2007
Federal Agency	Department of Education
Pass-Through Agency	Ohio Department of Education

Noncompliance Finding, Material Weakness, and Questioned Costs

2 CFR Part 225, App. B (8)(h)(1) states that, charges to Federal awards for salaries and wages, whether treated as direct or indirect costs, will be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official(s) of the governmental unit.

100% of Title I Teachers had no time and attendance certifications for payroll charges in fiscal year 2007. Also in fiscal year 2007, a payment to the 21st Century grant Administrators, Teachers, Educational Assistants, Parent Volunteer Coordinator, Secretary, and Clerk on 5/11/2007 and 5/18/2007 was made that was not related to documented work or payment of contract. As stated above, any salary or wage charged to the federal award must be based on documented and approved payrolls. This has lead to \$572,999 in federal questioned costs relating to Title I expenditures and \$33,500 in federal questioned costs relating to the 21st Century grant monies.

We recommend the Academy adopt policies and procedures that require all Teachers to document time and attendance by completing a daily time record. Said time records should be signed by the employee and approved by the immediate supervisor at the end of each pay period and forwarded to the business office for further review and approval by the appropriate personnel prior to entry into the accounting system. This will help to ensure allowable charges to federal awards are made as well as add a measure of control over the Academy's payroll cycle.

We believe the federal questioned costs indentified for the 21st Century grant also represent findings for recovery as noted in finding numbers 2007-003 through 2007-031 under 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*.

Officials' Response

Eagle Heights Academy will institute a written policy requiring that all teachers document time and attendance through the completion of daily time sheet, to be approved by immediate supervisor and forwarded to the business office for review, final approval and payment.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)
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2. Reporting

Finding Number	2007-036
CFDA Title and Number	Title I Grants To Local Educational Agencies CFDA # 84.010 Twenty-First Century Community Learning Centers CFDA # # 84.287
Federal Award Number / Year	2007
Federal Agency	Department of Education
Pass-Through Agency	Ohio Department of Education

Noncompliance Finding, Significant Deficiency, and Questioned Costs

Consolidated Application Assurances Item 6 provides that the SUBGRANTEE will make reports to the Ohio Department of Education (“ODE”) and to the Department of Education (“DEPARTMENT”) as may reasonably be necessary to enable ODE and the DEPARTMENT to perform their duties. The reports shall be completed and submitted in accordance with the standards and procedures designated by ODE and/or the DEPARTMENT and shall be supported by appropriate documentation.

The Academy’s Project Cash Request (“PCR”) forms completed for Title I contained the following errors contrary to the standards and procedures designated by ODE:

1. (PCR1) - Cash Basis Expenditures (CBE) of \$129,475 were \$39,414 less than the expenditure ledger amount while an advance request was submitted. The \$39,414 should have been included in the Total CBE amount and not included as part of the advance.
2. (PCR2) – CBE of \$265,139 improperly includes \$29,664 of current encumbrances. The requested advance was not completely expended in the month requested. In February, the month requested, \$43,401 of this advance was expended and \$15,707 was expended in March.
3. (PCR3) - CBE was reported as \$486,244 which improperly includes \$53,247 of current encumbrances and \$29,664 of expenditures which were requested and received on the prior cash request. Therefore, the Academy requested and was reimbursed twice in the amount of \$29,664.
4. (PCR4) – CBE was reported as \$502,000 which improperly includes \$53,247 of expenditures which were requested and received on the prior cash request. Therefore, the Academy requested and was reimbursed twice in the amount of \$53,247. In addition, \$6,151 of expenditures made in March, 2007 were requested as an advance for April, 2007. These should have been included in the CBE total and not requested as an advance.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
(Continued)**

This has led to \$82,911 in federal questioned costs relating to Title I expenditures in the amounts of \$29,664 and \$53,247 which were requested and reimbursed twice.

Also, contrary to the standards and procedures designated by ODE, the Academy was unable to provide proper supporting documentation (PCR period BUDLED) for the 21st Century project cash requests or the final expenditure report. The Academy's fiscal year end 2007 expenditure ledger for the 21st Century Grant did not reflect the same expenditure amounts as reported on the Final Expenditure Report (FER). The FER was overstated by \$18,097. This has led to \$18,097 in federal questioned costs relating to the 21st Century grant monies.

We recommend that the Academy follow the ODE standards and procedures for reporting. It is also recommended that the Academy adopt formal policies and procedures for cash management and reporting that include, but are not limited to, the following:

- Establishing responsibility and providing the procedures for periodic monitoring, verification, and reporting of program progress and accomplishments.
- Tracking system which reminds staff when reports are due.
- The general ledger or other reliable records are the basis for the reports.
- Supervisory review of reports performed to assure accuracy and completeness of data and information included in the reports prior to submission.
- The required accounting method is used (e.g., cash or accrual)

This will help to ensure proper reporting to ODE as well as add a measure of control over federal awards.

Officials' Response:

Eagle Heights Academy has established procedures whereby the school follows ODE standards for Project Cash Requests (PCRs) and procedures for reporting. Periodic monitoring is in place whereby monthly BUDLED expenditure reports are reviewed for each Federal Fund and PCRs are submitted to ODE based on those expenditures within the first fifteen days of the subsequent month, in addition to an advance request calculated to fund the subsequent months estimated expenditures in an amount to be used within 3 days of receipt (and not to exceed 10% of the allocation without explanation). BUDLEDS are kept on file as the supporting documentation for the PCR submittals. EHA will institute a policy reflecting same.

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EAGLE HEIGHTS ACADEMY
MAHONING COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2007

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid;
2006-001	Cash and Payroll accounts were not reconciled on a monthly basis.	No	Reissued as Finding Number 2007-001.



Mary Taylor, CPA
Auditor of State

EAGLE HEIGHTS ACADEMY

MAHONING 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 11, 2010**