



**PERRYSBURG DIGITAL ACADEMY  
WOOD COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2006**



**Mary Taylor, CPA**  
Auditor of State



**PERRYSBURG DIGITAL ACADEMY  
WOOD COUNTY**

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# Mary Taylor, CPA

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## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

Perrysburg Digital Academy  
Wood County  
140 East Indiana Avenue  
Perrysburg, Ohio 43551-2294

To the Board of Directors:

We have audited the accompanying basic financial statements of the Perrysburg Digital Academy, Wood County (the Academy), a component unit of the Perrysburg Exempted Village School District, as of and for the year ended June 30, 2006, as listed in the table of contents. These financial statements are the responsibility of the Academy's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Perrysburg Digital Academy, as of June 30, 2006, and changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2007, on our consideration of the Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

**Mary Taylor, CPA**  
Auditor of State

May 14, 2007

**PERRYSBURG DIGITAL ACADEMY  
WOOD COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2006  
UNAUDITED**

The discussion and analysis of Perrysburg Digital Academy's (the Academy) financial performance provides an overall review of the financial activities for the fiscal year ended June 30, 2006. 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.

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

**Financial Highlights**

Key financial highlights for fiscal year 2006 for the Academy are as follows:

- The assets of the Academy exceeded its liabilities at year-end by \$36,068. Of this amount, \$1,834 may be used to meet the Academy's ongoing obligations to citizens and creditors.
- In total, net assets decreased by \$59,654.

**Using this Financial Report**

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

*Statement of Net Assets*

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

This statement reports the Academy's net assets, however, in evaluating the overall position and financial viability of the Academy, non-financial information such as the condition of the Academy building and potential changes in the laws governing charter schools in the State of Ohio will also need to be evaluated.

**PERRYSBURG DIGITAL ACADEMY  
WOOD COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2006  
UNAUDITED  
(Continued)**

The following table presents a condensed summary of the Academy's overall financial position at June 30, 2006:

	<u><b>2006</b></u>	<u><b>2005</b></u>
Current and other assets	\$ 227,430	79,557
Capital assets	<u>31,430</u>	<u>30,020</u>
Total assets	<u>258,860</u>	<u>109,577</u>
Current liabilities	<u>222,792</u>	<u>13,855</u>
Total liabilities	<u>222,792</u>	<u>13,855</u>
Net assets:		
Invested in capital assets, net of debt	31,430	30,020
Restricted for other purposes	2,804	3,000
Unrestricted	<u>1,834</u>	<u>62,702</u>
Total net assets	\$ <u><u>36,068</u></u>	<u><u>95,722</u></u>

At June 30, 2006, the Academy had outstanding intergovernmental receivables of \$125,271 compared to \$1,051 at June 30, 2005. Current liabilities increased substantially due to amounts owed the Perrysburg Exempted Village School District for FY06 salaries. This increase in these liabilities is the primary reason for the decrease in net assets.

*Statement of Revenues, Expenses and Changes in Net Assets*



**PERRYSBURG DIGITAL ACADEMY  
WOOD COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2006  
UNAUDITED  
(Continued)**

The following table presents a condensed summary of the Academy's activities for the years ended June 30, 2006 and 2005:

	2006	2005
<b>Revenues:</b>		
Operating revenues:		
State foundation, Special Ed and Other	267,673	311,801
Nonoperating revenues:		
Federal grants	165,880	11,507
State grants	6,365	4,168
<b>Total Revenues</b>	<b>439,918</b>	<b>327,476</b>
<b>Expenses:</b>		
Operating expenses:		
Purchased services:		
Professional and technical services	381,175	268,616
Property service		9,761
Communications	1,530	
Meeting expenses	4,702	6,062
Other	27,387	7,276
Materials and supplies	59,244	91,225
Depreciation	10,534	8,145
Other expenses	15,000	122
<b>Total expenses</b>	<b>499,572</b>	<b>391,207</b>
<b>Change in net assets</b>	<b>(59,654)</b>	<b>(63,731)</b>

The Academy made significant strides in the 2005-06 school year in an attempt to become more independent in their efforts to provide quality services. Perrysburg Exempted Village School District administration continued to look for ways to increase student awareness and promote the vision of the Academy.

The Academy administration continued to seek funding sources in 2006 as they did in 2005 with the acquisition of the Continuation Grant that was initially funded in 2004. These funds allowed the Academy to acquire system hardware and software from Plato Learning. As a result of these purchases, the Academy was able to lessen its dependence on purchasing those services from Tri-Rivers Computer Association.

The Academy operates as one business-type enterprise fund and therefore, no analysis of individual funds is included.

**PERRYSBURG DIGITAL ACADEMY  
WOOD COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2006  
UNAUDITED  
(Continued)**

**Capital Assets**

At June 30, 2006, the Academy had \$31,430 invested in furniture and equipment. See Note 5 of the notes to the basic financial statements for more detailed information on the Academy's capital assets.

**Contacting the Academy**

This financial report is designed to provide a general overview of the finances of the Perrysburg Digital Academy and to show the Academy's accountability for the monies it receives to all vested and interested parties, as well as meeting the annual reporting requirements of the State of Ohio. Any questions about the information contained within this report or requests for additional financial information should be directed to:

Perrysburg Digital Academy  
140 E. Indiana Avenue  
Perrysburg, Ohio 43551  
(419) 874-9131

# PERRYSBURG DIGITAL ACADEMY

## Statement of Net Assets

June 30, 2006

### Assets:

#### Current assets:

Cash	\$	97,557
Intergovernmental receivables		125,271
Prepays		<u>4,602</u>
Total current assets		<u>227,430</u>

#### Noncurrent assets:

Capital assets, net		<u>31,430</u>
Total noncurrent assets		<u>31,430</u>

**Total assets** 258,860

### Liabilities:

#### Current liabilities:

Accounts payable		216,112
Intergovernmental payable		<u>6,680</u>
Total current liabilities		<u>222,792</u>

### Net Assets:

Invested in capital assets, net of related debt		31,430
Restricted for other purposes		2,804
Unrestricted		<u>1,834</u>
<b>Total net assets</b>	\$	<u><u>36,068</u></u>

See accompanying notes to the basic financial statements.

## PERRYSBURG DIGITAL ACADEMY

Statement of Revenues, Expenses and Changes in Net Assets  
Year Ended June 30, 2006

<b>Operating revenues:</b>	
State Foundation	\$ 235,049
Special education	28,778
Other operating revenues	<u>3,846</u>
<b>Total operating revenues</b>	<u>267,673</u>
<b>Operating expenses:</b>	
Purchased services:	
Professional and technical services	381,175
Communications	1,530
Meeting expenses	4,702
Other	27,387
Materials and supplies	59,244
Depreciation	10,534
Other expenses	<u>15,000</u>
<b>Total operating expenses</b>	<u>499,572</u>
Operating income (loss)	(231,899)
<b>Nonoperating revenues:</b>	
Federal grants	165,880
State grants	<u>6,365</u>
<b>Total nonoperating revenues</b>	<u>172,245</u>
Change in net assets	(59,654)
Net assets, beginning of year	<u>95,722</u>
Net assets, end of year	\$ <u><u>36,068</u></u>

See accompanying notes to the basic financial statements.

# PERRYSBURG DIGITAL ACADEMY

## Statement of Cash Flows

Year Ended June 30, 2006

### **Cash flows from operating activities:**

Cash received from State of Ohio - Foundation	\$	270,507
Cash received from others		3,846
Cash payments for contract services		(210,603)
Cash payments for supplies and materials		(48,030)
Cash payments for other expenses		<u>(26,996)</u>
Net cash used by operating activities		<u>(11,276)</u>

### **Cash flows from noncapital financing activities:**

Cash received from state and federal grants		<u>48,025</u>
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### **Cash flows from capital and related financing activities:**

Acquisition of capital assets		<u>(11,944)</u>
Net change in cash		24,805
Cash at beginning of year		<u>72,752</u>
Cash at end of year	\$	<u><u>97,557</u></u>

### Reconciliation of operating loss to net cash used by operating activities:

Operating loss		(231,899)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation		10,534
Changes in assets and liabilities:		
Accounts payable		202,257
Intergovernmental payable		6,680
Prepays		<u>1,152</u>
Net cash used by operating activities	\$	<u><u>(11,276)</u></u>

See accompanying notes to the basic financial statements.

# **PERRYSBURG DIGITAL ACADEMY**

Notes to the Basic Financial Statements

June 30, 2006

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

The Perrysburg Digital Academy (the Academy), is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The Academy's objective is to deliver a comprehensive educational program of high quality, tied to state and national standards, which can be delivered to students in the K-12 population entirely through distance learning technologies. It is to be operated in cooperation with the public schools to provide an innovative and cost-effective solution to the special problems of disabled students, students removed from school for disciplinary reasons, students needing advanced or specialized courses which are not available locally, and others, including home-schooled students who are not currently enrolled in any public school and who are not receiving a meaningful, comprehensive, and standards-based educational program. The Academy, which is part of the State's education program, is nonsectarian in its programs, admissions policies, employment practices, and all other operations. The Academy may acquire facilities as needed, and contract for any services necessary for the operation of the Academy.

The Academy was approved for operation under a contract with the Perrysburg Exempted Village School District (Sponsor) for a period of five years commencing on the first day of the 2002-2003 academic year, as set forth in the educational plan. The Academy initiated operations on August 26, 2003. The Sponsor is responsible for evaluating the Academy's performance and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration. The Academy operates under a seven-member Board of Directors made up of:

- a) The Superintendent, High School Principal, and Curriculum Director of Perrysburg Exempted Village School District, which have been appointed by the Perrysburg Exempted Village School District Board of Education. Each of these administrators serves as on Board of Directors as a representative of the Board of Education and its interests.
- b) One person who is neither an officer nor employee of the Perrysburg Exempted Village School District whom shall be a public educator or other public official representing a governmental entity that desires to further the establishment and operation of the Academy. Such person has been appointed by the Board of Education
- c) One person who is neither an officer nor employee of the Perrysburg Exempted Village School District who is initially appointed by the Tri-Rivers Educational Computer Association (TRECA) and who serves on the Board in his official capacity as a representative of TRECA's interests. However, the TRECA representative shall, within one year following the incorporation of the Academy, be replaced by a person who represents the interests of parents and students served by the Academy. Such person shall be appointed by the Board of Education.
- d) A representative from the Business Advisory Council and a representative from the community at-large.

The Academy is a component unit of Perrysburg Exempted Village School District.

# **PERRYSBURG DIGITAL ACADEMY**

## Notes to the Basic Financial Statements

June 30, 2006

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

#### **A. BASIS OF PRESENTATION**

The Academy uses enterprise accounting to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the cost (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 is determined by 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. The difference between total assets and liabilities is defined as net assets. The statement of revenues, expenses and changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

#### **C. BUDGETARY PROCESS**

Unlike other public schools located in the state of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code, Chapter 5705, unless specifically provided in a school's contract with its sponsor. The contract between the Academy and its Sponsor does not prescribe a budgetary process for the Academy.

## **PERRYSBURG DIGITAL ACADEMY**

### Notes to the Basic Financial Statements

June 30, 2006

#### **D. CASH**

All cash received by the Academy is maintained in demand deposit accounts. The Academy had no investments during the fiscal year.

#### **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 \$500. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's life are expensed.

Depreciation of furniture and equipment is computed using the straight-line method over an estimated useful life of five years. Improvements to fixed assets are depreciated over the remaining useful lives of the capital assets. The Academy does not possess any infrastructure.

#### **F. PREPAID ITEMS**

Payments made to vendors for services that will benefit periods beyond June 30, 2006, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the year in which services are consumed.

#### **G. INTERGOVERNMENTAL REVENUES**

The Academy currently participates in the State Foundation Program. Revenues received from this program are recognized as operating revenues in which they are earned, essentially the same as the fiscal year.

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

The Academy participates in various programs through the Ohio Department of Education. These include the Federal Charter School Grant Program and the Special Education Grants to States, Special Education Preschool Grant (IDEA Part B)



# PERRYSBURG DIGITAL ACADEMY

## Notes to the Basic Financial Statements

June 30, 2006

### H. ESTIMATES

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

### I. OPERATING REVENUES AND EXPENSES

Operating revenues are those revenues that are generated directly from the primary activities. For the Academy, these revenues are primarily foundation payments from the state. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the Academy. Revenues and expenses not meeting this definition are reported as non-operating.

### J. NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The School applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

### 3. DEPOSITS

At June 30, 2006, the Academy had a cash balance of \$97,557. The bank balance was \$123,039, of which \$100,000 was covered through the Federal Depository Insurance Corporation (FDIC).

### 4. INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at June 30, 2006, consisted of state grants in the amount of \$125,271. All intergovernmental receivables are considered collectible in full given the current fiscal year guarantee of federal funds.

### 5. CAPITAL ASSETS

A summary of the capital assets as of June 30, 2006, is as follows:

	Balance 7/1/05	Additions	Disposals	Balance 6/30/06
Furniture and equipment	\$ 40,725	11,944	-	52,669
Less accumulated depreciation	10,705	10,534	-	21,239
Capital assets, net	\$ 30,020	1,410	-	31,430

## **PERRYSBURG DIGITAL ACADEMY**

### Notes to the Basic Financial Statements

June 30, 2006

#### **6. FISCAL AGENT AND PAYMENTS TO SPONSOR**

The Perrysburg Exempted Village School District (Sponsor) serves as the sponsor for the Perrysburg Digital Academy. The Academy does not employ any individuals within the Digital Academy itself. All employees are employed by the Sponsor. This includes a coordinator and several part-time teaching positions. The Sponsor also provides educational support through the Sponsor's pupil services department for students with special needs. The sponsorship agreement states that the Treasurer of the Perrysburg Exempted Village School District shall serve as the Chief Financial Officer of the Academy.

The Academy shall pay to the Sponsor such other amounts as are mutually agreed, including fees for any services provided to the Academy by the Sponsor. During the year ended June 30, 2006, the Academy incurred \$340,378 in expenses of which \$140,708 has been paid to Perrysburg Exempted Village School District of as of June 30, 2006. The expenses were primarily related to salaries and benefits.

#### **7. RISK MANAGEMENT**

The Academy is exposed to various risks related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2006, the Academy contracted with a commercial insurance carrier for property and general liability insurance. There has been no reduction in coverage from the prior year and settled claims have not exceeded Academy's coverage in the past year.

#### **8. 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 of the Academy. 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, 2006.

##### **B. Pending Litigation**

A suit was filed in the US District Court, Southern District of Ohio, Western Division on October 6, 2004, which challenges the funding of charter schools under Equal Protection, Due Process and claims violation of a right to vote on the bodies administering public schools. The case is still pending. The effect of this suit, if any, on Perrysburg Digital Academy is not presently determinable.

## **PERRYSBURG DIGITAL ACADEMY**

### Notes to the Basic Financial Statements

June 30, 2006

#### **9. TAX EXEMPT STATUS**

The Academy's legal counsel issued a tax opinion stating the Academy is not required to pay federal income tax or file federal tax returns because it qualifies as an integral part of the Perrysburg Exempted Village School District which is a political subdivision of the State of Ohio. The tax opinion also indicates that as a further protection, they structured the Academy's incorporation documents in such a way that, in the unlikely event the Internal Revenue Service ever reaches a contrary conclusion regarding the Academy's tax status, the Academy should qualify as a tax-exempt organization under either Section 501(c)(3) or 501(c)(4) of the Internal Revenue Code, retroactive to the date of incorporation. Thus, the Academy should avoid liability for any taxes or penalties imposed by the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect the Academy's tax exempt status.

#### **10. RELATED PARTY TRANSACTIONS**

The Academy's Board of Directors includes three members that are employees of the Academy's Sponsor, Perrysburg Exempted Village School District. In addition, the Treasurer of the Sponsor also serves as the Treasurer of the Academy, the Curriculum Director of the Sponsor also serves as the Superintendent of the Academy, and other employees of the Sponsor provide additional services to the Academy.

Payments to the following related parties were as follows: Perrysburg Exempted Village School District \$340,378; John Crecelius \$1,050; Judy Lee Trautman \$561; Robert Falkenstein \$1,330 and Shawn Deitemeyer \$615.

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# 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*

Perrysburg Digital Academy  
Wood County  
140 East Indiana Avenue  
Perrysburg, Ohio 43551-2294

To the Board of Directors:

We have audited the basic financial statements of Perrysburg Digital Academy, Wood County, (the Academy), a component unit of the Perrysburg Exempted Village School District, as of and for the year ended June 30, 2006, which comprises the Academy's basic financial statements and have issued our report thereon dated May 14, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Academy's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

### Compliance and Other Matters

As part of reasonably assuring whether the Academy's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

One Government Center / Room 1420 / Toledo, OH 43604-2246  
Telephone: (419) 245-2811 (800) 443-9276 Fax: (419) 245-2484  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Perrysburg Digital Academy  
Wood County  
Independent Accountants' Report on Internal Control  
Over Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

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

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

**Mary Taylor, CPA**  
Auditor of State

May 14, 2007



**Mary Taylor, CPA**  
Auditor of State

**PERRYSBURG DIGITAL ACADEMY**

**WOOD 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  
JUNE 5, 2007**