



**EAST CANTON DIGITAL ACADEMY
STARK COUNTY**

FINAL AUDIT

FOR THE YEAR ENDED JUNE 30, 2008



Mary Taylor, CPA
Auditor of State

EAST CANTON DIGITAL ACADEMY
STARK COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

East Canton Digital Academy
Stark County
310 Browning Street
East Canton, Ohio 44730

To the Board of Directors:

We have audited the accompanying basic financial statements of the East Canton Digital Academy, Stark County, Ohio, (the Academy) a component unit of the Osnaburg Local School District, as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the Academy's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, for the East Canton Digital Academy, Stark County, Ohio, the respective changes in financial position and its cash flows for the year ended June 30, 2008 in conformity with accounting principles generally accepted in the United States of America.

As described in Note 7, the Academy ceased operations effective June 30, 2008 at which time all assets, liabilities, and net assets were distributed to the sponsor, Osnaburg Local School District.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2008, on our consideration of the Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. 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

December 1, 2008

**EAST CANTON DIGITAL ACADEMY
(A Component Unit of the Osnaburg Local School District)
STARK COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

The discussion and analysis of the East Canton Digital Academy (the "Academy") financial performance provides an overall review of the Academy's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Academy's financial performance.

Financial Highlights

The Academy suspended operations effective June 30, 2007 and ceased operations effective June 30, 2008. The Academy was created on February 11, 2003 and began operations on March 24, 2004. The Academy maintained an average of 25 students over three years of operations. The assets of the Academy reverted to the Osnaburg Local School District (the Sponsor) upon the dissolution. Osnaburg Local School District will use these assets to continue addressing the needs of students who benefited from the Academy's curriculum.

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 revenues, expenses and changes in net assets provides information about the activities of the Academy. The statement of cash flows provides information about how the Academy finances and meets the cash flow needs of its operations.

Reporting the Academy's Financial Activities

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

These documents look at all financial transactions and ask the question, "How did we do financially during 2008?" The statement of revenues, expenses and changes in net assets answers this question. This statement includes all 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.

This statement reports 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. The statement of revenues, expenses and changes in net assets can be found on page 7 of this report.

The statement of cash flows can be found on page 8 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. These notes to the basic financial statements can be found on pages 9-13 of this report.

EAST CANTON DIGITAL ACADEMY
(A Component Unit of the Osnaburg Local School District)
STARK COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

The table below provides a summary of the Academy's net assets for fiscal year 2008 and 2007.

	Net Assets	
	<u>2008</u>	<u>2007</u>
<u>Assets</u>		
Current assets	\$ -	\$ 12,893
Capital assets, net	-	<u>78,011</u>
Total assets	<u>-</u>	<u>90,904</u>
<u>Liabilities</u>		
Current liabilities	-	<u>986</u>
Total liabilities	<u>-</u>	<u>986</u>
<u>Net Assets</u>		
Invested in capital assets	-	78,011
Unrestricted	<u>-</u>	<u>11,907</u>
Total net assets	<u><u>\$ -</u></u>	<u><u>\$ 89,918</u></u>

The Academy ceased operations on June 30, 2008 and transferred all assets to the Osnaburg Local School District. The Academy transferred \$7,014 in cash and \$51,734 in capital assets, net of accumulated depreciation, to the Osnaburg Local School District on June 30, 2008. See Note 7 to the basic financial statements for more detail.

EAST CANTON DIGITAL ACADEMY
(A Component Unit of the Osnaburg Local School District)
STARK COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

The table below shows the changes in net assets for fiscal year 2008 and 2007.

Change in Net Assets

	<u>2008</u>	<u>2007</u>
<u>Operating revenues:</u>		
State foundation	\$ -	\$ 155,797
Total operating revenue	<u>-</u>	<u>155,797</u>
<u>Operating expenses:</u>		
Purchased services	589	139,676
Materials and supplies	-	909
Depreciation	26,277	26,276
Other	4,395	420
Total operating expenses	<u>31,261</u>	<u>167,281</u>
<u>Non-operating revenues (expenses):</u>		
Federal and state grants	-	3,000
Interest income	91	60
Assets to Osnaburg Local School		
District upon dissolution	<u>(58,748)</u>	<u>-</u>
Total non-operating revenues (expenses)	<u>(58,657)</u>	<u>3,060</u>
Change in net assets	(89,918)	(8,424)
Net assets at beginning of year	<u>89,918</u>	<u>98,342</u>
Net assets at end of year	<u>\$ -</u>	<u>\$ 89,918</u>

As stated in Note 7 to the basic financial statements, the Academy suspended operations effective June 30, 2007. While operations were under suspension, the financial activity for fiscal year 2008 was minimal. The Academy ceased operations on June 30, 2008. All assets remaining at June 30, 2008 were transferred to the Osnaburg Local School District in accordance with the Sponsorship Contract.

Capital Assets

At June 30, 2008, the Academy ceased operations and all remaining capital assets, net of accumulated depreciation, of \$51,734, became the property of the Osnaburg Local School District. See Note 3 to the basic financial statements for more detail on capital assets.

Current Financial Related Activities

The Academy was under a Community School Sponsorship Contract (the "Sponsorship Contract") with Osnaburg Local School District (as Sponsor). The Sponsorship Contract expired on June 30, 2007 and was not renewed by the Sponsor. The operations of the Academy ceased June 30, 2008.

EAST CANTON DIGITAL ACADEMY
(A Component Unit of the Osnaburg Local School District)
STARK COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

The Academy relied on the state foundation funds as well as federal sub-grants to provide the monies necessary to begin the start-up of an online educational program. The Academy committed itself to providing state of the art technology based educational opportunities to students. However, the Academy ceased operations effective June 30, 2008, and will no longer provide educational services.

At June 30, 2008, all assets reverted to the Osnaburg Local School District in accordance with the Sponsorship Contract.

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: Ms. Christine Robenstine, Treasurer, Osnaburg Local School District, 310 Browning Street, East Canton, Ohio 44730.

EAST CANTON DIGITAL ACADEMY
(A Component Unit of the Osnaburg Local School District)
STARK COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Operating expenses:	
Purchased services	\$ 589
Depreciation	26,277
Other	4,395
Total operating expenses	<u>31,261</u>
Operating loss	<u>(31,261)</u>
 Non-operating revenues (expenses):	
Interest income	91
Assets to Osnaburg Local School	
District upon dissolution	<u>(58,748)</u>
Total non-operating revenues	<u>(58,657)</u>
Change in net assets	(89,918)
Net assets at beginning of year	<u>89,918</u>
Net assets at end of year	<u>\$ -</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

EAST CANTON DIGITAL ACADEMY
(A Component Unit of the Osnaburg Local School District)
STARK COUNTY, OHIO

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Cash flows from operating activities:		
Cash received from State foundation.	\$	11,907
Cash payments for other expenses.		(4,395)
Cash payments to suppliers for goods and services		(1,575)
		(1,575)
Net cash provided by operating activities		5,937
Cash flows from noncapital financing activities:		
Cash payment to Osnaburg Local School District upon dissolution		(7,014)
		(7,014)
Net cash used in noncapital financing activities		(7,014)
Cash flows from investing activities:		
Interest received		91
		91
Net cash provided by investing activities		91
Net decrease in cash and cash equivalents		(986)
Cash and cash equivalents at beginning of year		986
Cash and cash equivalents at end of year.	\$	-
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss.	\$	(31,261)
Adjustments:		
Depreciation.		26,277
Changes in assets and liabilities:		
Decrease in intergovernmental receivable		11,907
Decrease in accounts payable		(986)
		(986)
Net cash provided by operating activities	\$	5,937

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**EAST CANTON DIGITAL ACADEMY
(A Component Unit of the Osnaburg Local School District)
STARK COUNTY, OHIO**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 1 - DESCRIPTION OF THE SCHOOL

The East Canton Digital Academy (the "Academy") was a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 3314.02. The Academy was an approved tax-exempt organization under Section 501 (c)(3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect their tax exempt status. The Academy's objective was to provide equal opportunity and access to all students to meet their needs in a challenging, supportive environment. It was operated in cooperation with the Osnaburg Local School District 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 other, 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 was part of the State's education program, was nonsectarian in its programs, admissions policies, employment practices, and all other operations. The Academy could acquire facilities as needed and contract for any services necessary for the operation of the school.

The Academy was certified by the State of Ohio Secretary of State as a non-profit organization on February 11, 2003 and began operations on March 24, 2004. The Academy was approved for operation under a contract with the Osnaburg Local School District (the "Sponsor") for a five year period commencing July 1, 2002. The Sponsor was responsible for evaluating the performance of the Academy and had the authority to deny renewal of the contract at its expiration. On June 6, 2007, the Academy's operations were suspended effective June 30, 2007 and the Academy ceased operations on June 30, 2008 (see Note 7).

The Academy operated under the direction of a five member Board of Directors made up of members appointed by the Osnaburg Local School District Board of Education; therefore, the Academy was a component unit of Osnaburg Local School District. The Board of Directors consisted of the Osnaburg Local School District superintendent, the principals of the Osnaburg High School, Middle and Elementary Schools, a teacher with the Osnaburg Local School District, and a member of the local community appointed by the Board of Directors. The treasurer and any members of the Osnaburg Local School District's Board of Education that were appointed were required to be a non-voting ex officio member of Academy's Board of Directors. The Board of Directors was responsible for carrying out the provisions of the contract which included, but were limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Superintendent of Osnaburg Local School District was the Chief Administrative Officer of Academy and the Treasurer of Osnaburg Local School District was the Chief Financial Officer.

The Sponsor, under a purchased services basis with the Academy, provided planning, instructional, administrative and technical services. Personnel providing services to the Academy on behalf of the Sponsor under the purchased services basis were considered employees of the Sponsor, and the Sponsor was solely responsible for all payroll functions. The Academy did not provide services to any students during fiscal year 2008.

**EAST CANTON DIGITAL ACADEMY
(A Component Unit of the Osnaburg Local School District)
STARK COUNTY, OHIO**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the Academy have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Academy also applied Financial Accounting Standards Board (FASB) Statements and Interpretations issued prior to November 30, 1989, provided those pronouncements did not conflict with or contradict GASB pronouncements. The Academy elected not to apply FASB Statements and Interpretations issued after November 30, 1989. The Academy's significant 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) 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

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the balance sheet. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total 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 Revised Code Section 5705, unless specifically provided in the School's contract with its Sponsor, except for the Ohio Revised Code Section 5705.391 as it relates to five-year forecasts. The contract between the Academy and its Sponsor required a detailed school budget for each year of the contract; however, the budget did not have to follow the provisions of Ohio Revised Code Section 5705.

D. Cash and Investments

All monies received by the Academy were deposited in a demand deposit account. In accordance with the Sponsorship Contract and as discussed in Note 7, all remaining cash was transferred to the Sponsor at June 30, 2008.

**EAST CANTON DIGITAL ACADEMY
(A Component Unit of the Osnaburg Local School District)
STARK COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

E. Capital Assets and Depreciation

All capital assets were capitalized at cost and updated for additions and disposals during the year. Donated capital assets were recorded at their fair market value on the date donated. The Academy maintained a capitalization threshold of \$750. The Academy did not have any infrastructure. Improvements were capitalized. The costs of normal maintenance and repairs that did not add to the value of the asset or materially extend an asset's life were not capitalized.

All capital assets were depreciated. Improvements were depreciated over the remaining useful lives of the related capital assets. Depreciation was computed using the straight-line method. Furniture and equipment were depreciated over five to twenty years.

In accordance with the Sponsorship Contract and as discussed in Note 7, all capital assets were transferred to the Sponsor at June 30, 2008.

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.

G. Intergovernmental Revenue

The Academy participated in the State Foundation Program and the Education Management Information System Grant Program through the Ohio Department of Education. Revenues received from these programs were recognized as operating revenues. Grants and entitlements were 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 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 did not recognize any intergovernmental revenue in the fiscal year ended June 30, 2008.

H. Estimates

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

EAST CANTON DIGITAL ACADEMY
(A Component Unit of the Osnaburg Local School District)
STARK COUNTY, OHIO

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 3 - CAPITAL ASSETS

A summary of capital assets for the fiscal year ended June 30, 2008 follows:

	Balance		Transfer of		Balance
	<u>6/30/07</u>	<u>Additions</u>	<u>Assets to</u>	<u>Sponsor</u>	<u>6/30/08</u>
Furniture and equipment	\$ 134,161	\$ -	\$ (134,161)		\$ -
Less: accumulated depreciation	<u>(56,150)</u>	<u>(26,277)</u>	<u>82,427</u>		<u>-</u>
Net capital assets	<u>\$ 78,011</u>	<u>\$ (26,277)</u>	<u>\$ (51,734)</u>		<u>\$ -</u>

NOTE 4 - RISK MANAGEMENT

The Academy was exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Academy was named as an additional insured party on Osnaburg Local School District's, the Sponsor, insurance policy with Indiana Insurance Company for general liability insurance and property insurance. The entire risk of loss, less any deductibles, transfers to the commercial carrier. The following limits and deductibles were in aggregate for both Academy and the Sponsor. Indiana Insurance Company provided general liability coverage. The general liability coverage insured up to \$5,000,000 each occurrence and \$5,000,000 aggregate.

Indiana Insurance Company also provided property, crime, and equipment breakdown insurance coverage.

NOTE 5 - CONTINGENCIES

The Academy received financial assistance from state agencies in the form of grants. The expense of funds received under these programs generally requires compliance with terms and conditions, specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. The Academy ceased operations effective June 30, 2008 and all assets were transferred to the Osnaburg Local School District. As such, any resulting liabilities would become a liability of the Osnaburg Local School District. In the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Osnaburg Local School District at June 30, 2008.

EAST CANTON DIGITAL ACADEMY
(A Component Unit of the Osnaburg Local School District)
STARK COUNTY, OHIO

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 6 - SERVICE CONTRACT WITH OSNABURG LOCAL SCHOOL DISTRICT

The Community School Sponsorship Contract (the "Sponsorship Contract") between the Academy and Osnaburg Local School District outlined the specific payments to be made by the Academy to Osnaburg Local School District. In addition the Sponsorship Contract stated that the two parties agreed to pay other mutually agreed upon amounts, including fees for any services provided to the Academy by Osnaburg Local School District. The following payments were made in fiscal year 2008 from the Academy to Osnaburg Local School District:

Professional and technical services	<u>\$ 589</u>
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The above transactions were related party transactions since these services are purchased through the Sponsor. The Sponsorship Contract expired on June 30, 2007. The operations of the Academy ceased effective June 30, 2008.

NOTE 7 - CONTINUED EXISTENCE

Due to a lack of grant funding and the expectations of the operation of the Academy that would have resulted in the ineffective spending and an overuse of personnel, the Academy suspended operations as of June 30, 2007 upon the expiration of the sponsorship contract, and ceased operations effective June 30, 2008.

In accordance with the Sponsorship Contract, upon dissolution, any remaining assets and liabilities of the Academy are to be conveyed to the Sponsor (Osnaburg Local School District). On June 30, 2008, the Academy transferred the following assets to the Osnaburg Local School District in accordance with the Sponsorship Contract:

Cash	\$ 7,014
Capital assets, net of accumulated depreciation	<u>51,734</u>
Total assets to Sponsor upon dissolution	<u>\$ 58,748</u>

This transfer of assets to the Sponsor is reflected on the financial statements as "Assets to Osnaburg Local School District upon dissolution."

During the dissolution process the Academy consulted the Ohio Department of Education, Office of Community Schools.

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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*

East Canton Digital Academy
Stark County
310 Browning Street
East Canton, Ohio 44730

To the Board of Directors:

We have audited the financial statements of the East Canton Digital Academy, Stark County, Ohio, (the Academy) a component unit of the Osnaburg Local School District, as of and for the year ended June 30, 2008, and have issued our report thereon dated December 1, 2008, in which we noted the Academy ceased operations as of June 30, 2008 at which time all assets, liabilities, and net assets were distributed to the sponsor, Osnaburg Local School District. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Academy's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Academy's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Academy's internal control over financial reporting.

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

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 internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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*.

We intend this report solely for the information and use of management, the Board of Directors, and the East Canton Digital Academy's Sponsor (the Osnaburg Local School District). We intend it for no one 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

December 1, 2008



Mary Taylor, CPA
Auditor of State

EAST CANTON DIGITAL ACADEMY

STARK COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 31, 2008**