



***HAMILTON LOCAL  
DIGITAL ACADEMY***

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**FRANKLIN COUNTY**

**REGULAR AUDIT**

**For the Fiscal Year Ended June 30, 2008**

**J.L. UHRIG**  
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS







Mary Taylor, CPA  
Auditor of State

Board of Directors  
Hamilton Local Digital Academy  
775 Rathmell Road  
Columbus, Ohio 43207

We have reviewed the *Independent Auditor's Report* of the Hamilton Local Digital Academy, Franklin County, prepared by J.L. Uhrig and Associates, Inc., for the audit period July 1, 2007 through June 30, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Hamilton Local Digital Academy is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

January 12, 2009

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Hamilton Local Digital Academy  
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For the Fiscal Year Ended June 30, 2008

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## Independent Auditor's Report

Board of Directors  
Hamilton Local Digital Academy  
775 Rathmell Road  
Columbus, Ohio 43207

We have audited the accompanying financial statements of the business-type activities of the Hamilton Local Digital Academy (the Academy), a component unit of the Hamilton Local School District, as of and for the year ended June 30, 2008, which collectively comprise the Academy's basic financial statements 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 *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 in the first paragraph above present fairly, in all material respects, the financial position of the business-type activities of the Academy as of June 30, 2008, and the respective changes in financial position and the cash flows, where applicable, 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 a report dated December 12, 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 grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report when considering the results of our audit.

Board of Directors  
Hamilton Local Digital Academy  
Independent Auditor's Report

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.

December 12, 2008

Hamilton Local Digital Academy  
Franklin County  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008  
Unaudited

The discussion and analysis of the Hamilton Local Digital Academy's (HLDA) financial performance provides an overall review of the HLDA's financial activities for the initial period ended June 30, 2008. Readers should also review the basic financial statements and notes to enhance their understanding of the HLDA's financial performance.

Highlights

HLDA is in its fourth year of operation as a Kindergarten through twelfth grade online internet school. Each student was provided a computer and scanner which were used to access a curriculum based on the state model and which used certified/licensed instructors. Enrollment varied during the year but averaged 107 students.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements.

The statement of net assets and the statement of revenues, expenses, and changes in net assets reflect how HLDA did financially during the year ended June 30, 2008. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the fiscal year revenues and expenses regardless of when cash is received or paid.

These statements report HLDA's net assets and changes in those assets. This change in net assets is important because it tells the reader whether the financial position of HLDA has increased or decreased during the period. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating.

HLDA uses enterprise presentation for all of its activities.

Finally, the notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.



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Management's Discussion and Analysis  
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Unaudited

Table 1 provides a summary of HLDA's net assets as of June 30, 2008 compared to fiscal year 2007:

Table 1  
Net Assets

	2008	2007
<u>Assets:</u>		
Current Assets	\$245,055	\$202,086
Capital Assets, Net	127,194	174,142
Other Assets	13,245	0
Total Assets	385,494	376,228
<u>Liabilities:</u>		
Current Liabilities	8,560	85,975
<u>Net Assets:</u>		
Invested in Capital Assets, Net of Related Debt	127,194	174,142
Unrestricted	249,740	116,111
Total Net Assets	\$376,934	\$290,253

HLDA's current assets increased \$42,969. The capital assets decreased \$46,948 due to the addition of a few computers, but offset by the depreciation during 2008 of all equipment.

Table 2 reflects the changes in net assets for the year ended June 30, 2008 as compared to fiscal year 2007:

	2008	2007
<u>Operating Revenues:</u>		
Foundation	\$714,135	\$500,348
Interest Earnings	4,729	0
<u>Non Operating Revenues:</u>		
Grants	17,080	17,200
Total Revenues	735,944	517,548
<u>Operating Expenses:</u>		
Purchased Services	527,952	453,266
Materials and Supplies	60,608	16,541
Depreciation	60,703	57,852
Total Expenses	649,263	527,759
Total Increase (Decrease) in Net Assets	\$86,681	\$(10,211)

Revenues increased \$218,396 or 42 percent during fiscal year 2008. The major factor in this change is the increase of students that has come to the program and thus our State Aid has increased dramatically.

HLDA's expenses increased \$121,504 or 23 percent, which is mostly due to the increase in purchased services expense for employee's and some increase in supplies for the increase count of students.

Budgeting

HLDA is not required to follow the budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically

Hamilton Local Digital Academy  
Franklin County  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008  
Unaudited

provided by the HLDA's contract with its Sponsor. The contract between HLDA and its Sponsor prescribes an annual budget requirement of preparing a five year forecast, which is to be updated on an annual basis.

Capital Assets and Debt Administration

Capital Assets

HLDA did invest \$13,755 during the period ended June 30, 2008. The accumulated depreciation at June 30, 2008 amounted to \$176,319. The capital assets net of accumulated depreciation at June 30, 2008 amounted to \$127,194.

Debt

HLDA has incurred no debt as of June 30, 2008.

Current Issues

The cutting edge nature of this kind of instructional delivery makes for constant change during the first couple of years of operation. The upgrade and maintenance of equipment and technical support are some of the other challenges facing HLDA.

Contacting the HLDA's Financial Management

This financial report is designed to provide citizens, taxpayers, and creditors with a general overview of the HLDA's finances and to show the HLDA's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Adam Collier, Treasurer, Hamilton Local Digital Academy, 775 Rathmell Road, Columbus, Ohio 43207.

Hamilton Local Digital Academy  
Franklin County

Statement of Net Assets  
June 30, 2008

Assets:

Current Assets:

Cash and Cash Equivalents	\$245,055
Depreciable Capital Assets, Net	127,194
Other Assets	<u>13,245</u>
Total Assets	<u>\$385,494</u>

Liabilities:

Current Liabilities:

Accounts Payable	<u>\$ 8,560</u>
Total Liabilities	<u>8,560</u>

Net Assets:

Invested in Capital Assets, Net of Related Debt	127,194
Unrestricted	<u>249,740</u>
Total Net Assets	<u>\$376,934</u>

See accompanying notes to the basic financial statements

Hamilton Local Digital Academy  
Franklin County

Statement of Revenues, Expenses, and Changes in Net Assets  
For the Period July 1, 2007 through June 30, 2008

<u>Operating Revenues:</u>	
Foundation	\$ 714,135
Interest Earnings	<u>4,729</u>
Total Operating Revenues	<u>718,864</u>
<u>Operating Expenses:</u>	
Purchased Services	527,952
Materials and Supplies	60,608
Depreciation	<u>60,703</u>
Total Operating Expenses	<u>649,263</u>
Operating Gain	<u>69,601</u>
<u>Non-Operating Revenues:</u>	
Grants	<u>17,080</u>
Total Non-Operating Revenues	<u>17,080</u>
Change in Net Assets	86,681
Net Assets, June 30, 2007	<u>290,253</u>
Net Assets, June 30, 2008	<u>\$ 376,934</u>

See accompanying notes to the basic financial statements

Hamilton Local Digital Academy  
Franklin County

Statement of Cash Flows  
For the Period July 1, 2007 through June 30, 2008

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities:

Cash Received from Foundation \$714,135  
Cash Payments to Suppliers for Goods and Services (679,730)

Net Cash from Operating Activities 34,405

Cash Flows from Non-capital Financing Activities:

Interest Earned 4,729  
Grants Received 3,835

Net Cash from Non-capital Financing Activities 8,564

Net Increase in Cash and Cash Equivalents 42,969  
Cash and Cash Equivalents, June 30, 2007 202,086

Cash and Cash Equivalents, June 30, 2008 \$245,055

Reconciliation of Operating Gain to  
Net Cash from Operating Activities:

Operating Gain \$ 69,601

Depreciation 60,703

Changes in Assets and Liabilities:

Decrease in Accounts Payable (95,899)

Net Cash from Operating Activities \$ 34,405

See accompanying notes to the basic financial statements

Hamilton Local Digital Academy  
Franklin County  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2008

**Note 1: Description of the School**

The Hamilton Local Digital Academy (HLDA) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. HLDA is an approved tax-exempt organization under Section 501 (c) (3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect HLDA's tax exempt status. HLDA's mission is to enhance and facilitate student learning by providing state of the art digital curriculum and instruction; innovative, collaborative leadership; and technical expertise and support that will prepare students to become lifelong learners and intelligent decision makers. The students may include, but will not be limited to, home schoolers, children with special physical and mental needs, students removed from the regular classroom for discipline concerns, students who need an alternative to the traditional classroom for various reasons, including religious reasons, transient students, and students with the Hamilton City School District, sponsor school district, that desire a specific course not currently offered but is available through online instruction.

HLDA was created on February 24, 2003 by entering into a contract with Hamilton Local School District the Sponsor). The Sponsor is also the fiscal agent of the HLDA with the Treasurer of the Sponsor completing the role of Treasurer for the HLDA.

HLDA operates under the direction of a six-member (five voting member) Board of Directors. The charter dictates the Board members. The Hamilton Local School District approves the Board, but does not appoint the members. The Sponsor can suspend the HLDA's operations for any of the following reasons: 1) The HLDA's failure to meet student performance requirements stated in its contract with the Sponsor, 2) The HLDA's failure to meet generally accepted standards of fiscal management, 3) The HLDA's violation of any provisions of the contract with the Sponsor or applicable state or federal law, or 4) Other good cause. The Board of Directors are responsible for carrying out the provisions of the contract which include, but are not limited to, helping create, approve, and monitor the annual budget, develop policies to guide operations, secure funding, and maintain a commitment to vision, mission, and belief statements of HLDA and the children it serves. During the fiscal year ended June 30 2005, HLDA paid purchased services to TRECA for providing the planning, design, implementation, instructional, administrative, and technical services. Therefore, the HLDA is a component unit of the Hamilton Local School District. Additional, the HLDA entered into an agreement with Tri-Rivers Educational Computer Association (TRECA) for management consulting services (See Note 4).

**Note 2 - Summary of Significant Accounting Policies**

The financial statements of the HLDA have been prepared in conformity with generally accepted accounting principles (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. HLDA 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 entity has elected not to apply FASB pronouncements and interpretations issued after November 30, 1989. The more significant of the HLDA's accounting policies are described below.

**A. Basis of Presentation**

The HLDA's basic financial statements consist of a statement of net assets; a statement of revenues, expenses, and changes in net assets; and a statement of cash flows.

HLDA uses a single enterprise presentation for its financial records. Enterprise reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows.

Hamilton Local Digital Academy  
Franklin County  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2008

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**B. Measurement Focus**

The enterprise activity is accounted for using a flow of economic resources measurement focus. All assets and liabilities associated with the operation of HLDA are included on the statement of net assets. The statement of revenues, expenses, and changes in net assets presents increases (e.g. revenues) and decreases (e.g. expenses) in total net assets. The statement of cash flows reflects how HLDA finances meet its cash flow needs.

**C. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. HLDA's financial statements are prepared using the accrual basis of accounting. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Revenue resulting from non-exchange transactions, in which HLDA receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the period in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the period when the resources are required to be used or the period when use is first permitted, matching requirements, in which HLDA must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to HLDA on a reimbursement basis. Expenses are recognized at the time they are incurred.

**D. Budgetary Process**

Unlike other public schools located in the State of Ohio, community schools are not required to follow the budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided by the HLDA's contract with its Sponsor. The contract between HLDA and its Sponsor prescribes an annual budget requirement as part of preparing a five year forecast, which is updated on an annual basis.

**E. Cash and Cash Equivalents**

Cash received by HLDA is reflected as "Cash and Cash Equivalents" on the statement of net assets. HLDA had no investments during the fiscal year ended June 30, 2008.

**F. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by HLDA or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. HLDA applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**G. Capital Assets**

Capital assets during fiscal year 2008 consisted of computers and computer equipment. All capital assets are capitalized at cost and updated for any additions and retirements during the fiscal year. HLDA mentions a capitalization threshold of five hundred dollars. All of HDLA's reported capital assets are depreciated using the straight-line method over five years of useful life.

Hamilton Local Digital Academy  
Franklin County  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2008

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**H. Operating Revenues and Expenses**

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

**I. 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 those estimates.

**Note 3 - Deposits**

The following information classifies deposits by categories of risk as defined in GASB Statement No.3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

At June 30, 2008, the carrying amount of HLDA's deposits was \$245,055 and the bank balance was \$269,423. All of the bank balance was covered by federal depository insurance and pooled collateral agreements with the banking institution. There are no significant statutory restrictions regarding the deposit and investment of funds by the nonprofit corporation.

Custodial credit risk is the risk that, in the event of bank failure, the District'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 all 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 District.

**Note 4 - Contract with TRECA**

HLDA entered into a contract with Tri-Rivers Educational Computer Association (TRECA) for management consulting services. Under the contract, the following terms were agreed upon:

- TRECA shall provide HLDA with instructional, supervisory/administrative, and technical services sufficient to effectively implement HLDA's educational plan and HLDA's assessment and accountability plan.
- All personnel providing services to HLDA on behalf of TRECA under the agreement shall be employees of TRECA and TRECA shall be solely responsible for all payroll functions, including retirement system contributions and all other legal withholding and/or payroll taxes, with respect to such personnel. All shall possess any certification or licensure which may be required by law.
- The technical services provided by TRECA to HLDA shall include access to, and the use of, computer software, computer hardware, networking hardware, network services, and the services of technical support personnel necessary to implement the plan of operation.
- HLDA shall secure the services of an Executive Director, who shall be the chief operating officer of the school, with primary responsibility for day-to day operations of HLDA.
- Curricular services provided by TRECA shall be limited to the standardized curriculum developed by TRECA.

For the period \$59,513 was payable under this contract. HLDA paid 100% of this amount as of June 30, 2008.



Hamilton Local Digital Academy  
Franklin County  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2008

**Note 5 – Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	Balance June 30, 2007	<u>Additions</u>	<u>Deletions</u>	Balance June 30, 2008
Equipment	<u>\$289,758</u>	<u>\$13,755</u>	<u>\$0</u>	<u>\$303,513</u>
Less Accumulated Depreciation	<u>(115,616)</u>	<u>(60,703)</u>	<u>0</u>	<u>(176,319)</u>
Depreciable Capital Assets, Net	<u>\$174,142</u>	<u>\$(46,948)</u>	<u>\$0</u>	<u>\$127,194</u>

**Note 6 - Risk Management**

HLDA is exposed to various risks of loss related to torts; errors and omissions; and natural disasters. During the period ended June 30, 2008, HLDA had no liability insurance. The Board has not obtained insurance as of the date of this report. Management is unaware of any material pending claims that may effect the period ended June 30, 2008.

**Note 7 - Related Party Transactions**

The HLDA is a component unit of the Hamilton Local School District (the District). As described in Note 1, the District is the HLDA's sponsor. The HLDA and the District entered into a five-year sponsorship agreement on February 25, 2003, whereby terms of the sponsorship were established. Pursuant to this agreement, the District's treasurer serves as the HLDA's fiscal officer. Also, the HLDA is required annually to pay the District, from funding provided to the HLDA from the Ohio Department of Education pursuant to Section 3314.08 of the Ohio Revised Code, \$150 per student per year.

**Note 8 - Contingencies**

A. Grants

HLDA 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 HLDA. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the HLDA at June 30, 2008.

B. Litigation

A suit was filed in Franklin County Common Pleas Court on May 14, 2001, alleging that Ohio's Community (Le., Charter) Schools program violates the state Constitution and state laws. On April 21, 2003 the court dismissed the counts containing constitutional claims and stayed the other counts pending appeal of the constitutional issues. The plaintiffs appealed to the Court of Appeals, the issues have been briefed, and the case was heard for oral argument on November 18th, 2003. The effect of this suit, if any, on HLDA is not presently determinable.

C. Ohio Department of Education Enrollment Review

The Ohio Department of Education (ODE) conducts reviews of enrollment data and full time equivalency (FTE) calculations made by HLDA. These reviews are conducted to ensure HLDA is reporting accurate student enrollment data to the State, upon which state foundation funding is calculated.

Hamilton Local Digital Academy  
Franklin County  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2008

**Note 9 - State School Funding**

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding decision is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient..."

The School District is currently unable to determine what effect, if any, this decision will have its future State funding and on its financial operations.

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**Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Required by  
Government Auditing Standards**

Board of Directors  
Hamilton Local Digital Academy  
775 Rathmell Road  
Columbus, Ohio 43207

We have audited the accompanying financial statements of the Hamilton Local Digital Academy (the Academy), as of and for the year ended June 30, 2008, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated December 12, 2008. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Academy's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and 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 described below, we identified a deficiency in internal control over financial reporting that we consider a significant deficiency.

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

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2008-001.

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.

Hamilton Local Digital Academy  
Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Required by  
Government Auditing Standards

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 and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not believe the significant deficiency described above is also a material weakness.

**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 have a direct and material effect on 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*.

The Academy's written responses to the findings identified in our audit have not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This report is intended for the information and use of the Board of Directors, and management, and is not intended to be and should not be used by anyone other than these specified parties.

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.

December 12, 2008

**HAMILTON LOCAL DIGITAL ACADEMY**

Schedule of Findings

For the Fiscal Year Ended June 30, 2008

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***Finding Number 2008-001***

**Posting of Financial Records - Significant Deficiency**

The Academy posts its financial transactions via computer on the Metropolitan Educational Council accounting system for school districts. A review of the Academy's records revealed that several bank charges were not posted to this system in a timely manner, some not being posted for over twelve months.

The lack of controls over the posting of financial transactions can result in errors and irregularities that may go undetected and decreases the reliability of the financial data throughout the year.

We recommend that all financial transactions of the Academy be posted to the financial accounting system as soon as the Academy is made aware of each transaction. This will assist the Academy to ensure that the financial statements are reliable and complete.

**Officials' Response**

The District is currently working with the Bank to get these bank charges removed and does not wish to enter the charges into the system since they will be removed.

**HAMILTON LOCAL DIGITAL ACADEMY**

*Schedule of Prior Audit Findings*

*For the Year Ended June 30, 2008*

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<b>Finding Number</b>	<b>Description</b>	<b>Status</b>	<b>Comments</b>
	<i>Government Auditing Standards:</i>		
2007-001	The District had a prior period adjustment and two current adjustments to capital asset balances.	Corrected	N/A
2007-002	The District had items that were not posted to their record keeping system in a timely manner, some older than six months, causing the Treasurer to have to make adjusting entries to the year-end financial statements to reflect the un-posted items.	Partially Corrected	Reissued as 2008-001

**HAMILTON LOCAL DIGITAL ACADEMY**

*Corrective Action Plan*

*For the Year Ended June 30, 2008*

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<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Contact Person</b>
2008-001	The District is currently working with the Bank to get the charges removed.	N/A	Adam Collier, Treasurer





**Mary Taylor, CPA**  
Auditor of State

**HAMILTON LOCAL DIGITAL ACADEMY**

**FRANKLIN 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  
FEBRUARY 3, 2009**