



Mary Taylor, CPA
Auditor of State

**HAMILTON LOCAL DIGITAL ACADEMY
FRANKLIN COUNTY
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FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Hamilton Local Digital Academy
Franklin County
775 Rathmell Road
Columbus, Ohio 43207

To the Board of Directors:

We have audited the accompanying basic financial statements of the Hamilton Local Digital Academy, Franklin County, Ohio (the Academy), a component unit of Hamilton Local School District, as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the Academy's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hamilton Local Digital Academy, Franklin County, Ohio, as of June 30, 2009, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2010, on our consideration of the Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. 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

April 8, 2010

**HAMILTON LOCAL DIGITAL ACADEMY
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
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 period ended June 30, 2009. 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 second year of operation as a Kindergarten through twelfth grade online internet school. Each student was provided a computer and scanner which was used to access a curriculum based on the state model and which used certified/licensed instructors. Enrollment varied during the year but averaged 115 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, 2009. 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.

**HAMILTON LOCAL DIGITAL ACADEMY
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED**

Table 1 provides a summary of HLDA's net assets as of June 30, 2009 compared to fiscal year 2008:

Table 1
Net Assets

	2009	Restated 2008
<u>Assets:</u>		
Cash and Cash Equivalents	\$23,935	\$245,055
Accounts Receivable	7,420	13,245
Capital Assets	98,729	127,194
Total Assets	130,084	385,494
<u>Liabilities:</u>		
Current Liabilities	188,238	160,694
<u>Net Assets:</u>		
Invested in Capital Assets, Net of Related Debt	98,729	127,194
Unrestricted	(156,883)	97,606
Total Net Assets	\$ (58,154)	\$224,800

HLDA's cash and cash equivalents decreased \$221,120. The capital assets decreased \$28,465 due to the addition of a few computers, but offset by the depreciation during 2009 of all equipment.

Table 2 reflects the changes in net assets for the year ended June 30, 2009 as compared to fiscal year 2008:

	2009	Restated 2008
<u>Operating Revenues:</u>		
Foundation	\$674,456	\$714,135
Other	3,106	0
<u>Non Operating Revenues:</u>		
Grants	13,245	17,080
Interest Earned	313	4,729
Total Revenues	691,120	735,944
<u>Operating Expenses:</u>		
Purchased Services	895,358	725,086
Materials and Supplies	9,560	60,608
Depreciation	68,762	60,703
Capital Outlay	394	0
Total Expenses	974,074	801,397
Total Decrease in Net Assets	\$(282,954)	\$(65,453)

**HAMILTON LOCAL DIGITAL ACADEMY
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED**

Revenues decreased \$44,824 during fiscal year 2009. The major factor in this change is the decrease of full-time students that has come to the program and thus our State Aid has decreased.

HLDA's expenses increased \$ 172,677, which is mostly due to the increase in purchased services expense for contracted services and student books and programs available for the students.

Budgeting

HLDA is 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 of preparing a five year forecast, which is to be updated on an annual basis.

Capital Assets and Debt Administration

Capital Assets

HLDA did purchase \$40,297 of capital assets during the period ended June 30, 2009. The accumulated depreciation at June 30, 2009 amounted to \$245,081. The capital assets net of accumulated depreciation at June 30, 2009 amounted to \$98,729.

Debt

HLDA has incurred no debt as of June 30, 2009.

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.

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**HAMILTON LOCAL DIGITAL ACADEMY
FRANKLIN COUNTY**

**STATEMENT OF NET ASSETS
JUNE 30, 2009**

Assets:	
Current Assets:	
Cash and Cash Equivalents	\$ 23,935
Accounts Receivable	7,420
Depreciable Capital Assets, Net	<u>98,729</u>
Total Assets	130,084
Liabilities:	
Current Liabilities:	
Accounts Payable	188,238
Net Assets:	
Invested in Capital Assets, Net of Related Debt	98,729
Unrestricted	<u>(156,883)</u>
Total Net Assets	<u><u>\$ (58,154)</u></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 YEAR ENDED JUNE 30, 2009**

Operating Revenues:	
Foundation	\$ 674,456
Other Revenue	3,106
	<hr/>
Total Operating Revenues	677,562
Operating Expenses:	
Purchased Services	895,358
Materials and Supplies	9,560
Depreciation	68,762
Other Operating Expenses	394
	<hr/>
Total Operating Expenses	974,074
Operating Loss	(296,512)
Non-Operating Revenues:	
Interest Earnings	313
Grants	13,245
	<hr/>
Total Non-Operating Revenues	13,558
Change in Net Assets	(282,954)
Net Assets, June 30, 2008 Restated	224,800
	<hr/>
Net Assets, June 30, 2009	<u>\$ (58,154)</u>

See accompanying notes to the basic financial statements

**HAMILTON LOCAL DIGITAL ACADEMY
FRANKLIN COUNTY**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009**

Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities:	
Cash Received from Foundation	\$ 677,562
Cash Payments to Suppliers for Goods and Services	<u>(877,768)</u>
Net Cash Used for Operating Activities	(200,206)
Cash Flows from Capital Related	
Activities:	
Purchase of Capital Assets	(40,297)
Cash Flows from Non-Capital Financing Activities:	
Interest Earned	313
Grants Received	<u>19,070</u>
Net Cash Provided by Non-Capital Financing Activities	19,383
Net Decrease in Cash and Cash Equivalents	(221,120)
Cash and Cash Equivalents, June 30, 2008	<u>245,055</u>
Cash and Cash Equivalents, June 30, 2009	<u><u>\$ 23,935</u></u>
Reconciliation of Operating Loss to Net Cash Used for	
Operating Activities:	
Operating Loss	(296,512)
Depreciation	68,762
Changes in Assets and Liabilities:	
Increase in Accounts Payable	<u>27,544</u>
Net Cash Used for Operating Activities	<u><u>\$ (200,206)</u></u>

See accompanying notes to the basic financial statements

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**HAMILTON LOCAL DIGITAL ACADEMY
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

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. Additionally, 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, 2009
(Continued)**

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, 2009.

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 2009 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.

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.

**HAMILTON LOCAL DIGITAL ACADEMY
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(Continued)**

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, 2009, the carrying amount of HLDA's deposits was \$23,935 and the bank balance was \$144,169. 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.

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 \$35,567.79 was payable under this contract. HLDA paid 100% of this amount as of June 30, 2009.

Note 5 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	June 30, 2008	Additions	Deletions	June 30, 2009
Equipment	\$303,513	\$40,297	\$0	\$343,810
Less Accumulated Depreciation	(176,319)	(68,762)	0	(245,081)
Depreciable Capital Assets, Net	<u>\$127,194</u>	<u>\$(28,465)</u>	<u>\$0</u>	<u>\$98,729</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, 2009.

**HAMILTON LOCAL DIGITAL ACADEMY
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(Continued)**

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, 2009.

B. 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.

Note 9 – Management Plan

For fiscal year 2009, the Digital Academy experienced an operating loss of \$296,512 and a cumulative net asset deficit of \$58,154. In fiscal year 2009, we had major construction costs \$115,000 in renovations of the building that we use. This will not occur in future years. Enrollment is slightly increasing during fiscal year 2010, but we are keeping costs steady with fiscal year 2009 costs. Our revenue stream from the State was \$687,701 in Fiscal year 2009, but in fiscal year 2010, as of April 1, 2010 our revenue stream is up to \$775,076.

Management plans to keep the purchased services constant with 2009 costs, but with no more construction costs and an increase in revenue of close to \$90,000 then management is certain that the net asset deficit will be gone at the end of the fiscal year 2010. As of April 14, 2010, the revenues are over expenses by \$145,077. This is a trend that we see continuing for the Digital Academy.

Note 10 – Accounting Change

During preparation of the 2009 financial statements an error was noted in the prior year accounts payable balance, which required the following restatements to net assets.

\$376,934	Net Assets, June 30, 2008
<u>(152,134)</u>	Purchased Services
<u>\$224,800</u>	Net Assets – Restated, July 1, 2008



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*

Hamilton Local Digital Academy
Franklin County
775 Rathmell Road
Columbus, Ohio 43207

To the Board of Directors:

We have audited the basic financial statements of Hamilton Local Digital Academy, Franklin County, (the Academy), a component unit of Hamilton Local School District as of and for the year ended June 30, 2009, have issued our report thereon dated April 8, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain 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 finding 2009-001 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the finding noted above is also a material weakness.

We also noted a certain internal control matter that we reported to the Academy's management in a separate letter dated April 8, 2010.

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 did note a certain noncompliance or other matter that we reported to the Academy's management in a separate letter dated April 8, 2010.

We intend this report solely for the information and use of management, Board of Directors, and Hamilton Local School District. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

April 8, 2010

**HAMILTON LOCAL DIGITAL ACADEMY
FRANKLIN COUNTY**

SCHEDULE OF FINDINGS

FINDING NUMBER 2009-01

Significant Deficiency/Material Weakness

A monitoring system by the Treasurer and Board of Directors should be in place to prevent or detect material misstatements of the School's financial statements.

The Treasurer did not always accurately report the Academy's activity on the financial statements.

The following errors were noted, these are not material to the financial statements:

- Assets that do not meet capitalization policy threshold in the amount of \$4,537 were reported as capital assets.
- A \$5,572 miscalculation of depreciation expense.

The following errors were noted, these were material to the financial statements:

- Purchased Services (Accrued Wages) not reported correctly in the amount of \$153,700
- Unrecorded payables of \$32,067

We recommend the School's Treasurer and Board of Directors take steps to ensure the accurate posting of items to the financial statements. Furthermore we recommend the School implement additional procedures over the completeness and accuracy of the financial information reporting with the financial statements. Such procedures may include the Treasurer reviewing GAAP conversion work papers for reasonableness and ensuring depreciation is calculated appropriately.

No Official's response was received for the above finding.

HAMILTON LOCAL DIGITAL ACADEMY
FRANKLIN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2009

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Several bank charges were not posted to this system in a timely manner.	Yes	



Mary Taylor, CPA

Auditor of State

Independent Accountants' Report on Applying Agreed-Upon Procedures

Hamilton Local Digital Academy
Franklin County
775 Rathmell Road
Columbus, Ohio 43207

To the Board of Directors:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Hamilton Local Digital Academy (the Academy) has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on October 13, 2008.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - (3) A procedure for reporting prohibited incidents;
 - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
 - (6) A procedure for documenting any prohibited incident that is reported;
 - (7) A procedure for responding to and investigating any reported incident;

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- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and Hamilton Local School District, and is not intended to be and should not be used by anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

April 8, 2010



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
MAY 6, 2010**