



TRECA DIGITAL ACADEMY
(COMPONENT UNIT OF METROPOLITAN EDUCATIONAL TECHNOLOGY ASSOCIATION)
MARION COUNTY
SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2016



Dave Yost • Auditor of State

TRECA DIGITAL ACADEMY
MARION COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

TRECA Digital Academy
Marion County
100 Executive Drive
Marion, OH 43302

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of TRECA Digital Academy, Marion County, Ohio (TDA), a component unit of the Metropolitan Educational Technology Association (META), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise TDA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to TDA's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of TDA's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TRECA Digital Academy, Marion County, Ohio, a component unit of Metropolitan Educational Technology Association, as of June 30, 2016, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As disclosed in Note 9, the Ohio Department of Education (ODE) conducted a Full-Time Equivalency (FTE) review over student FTE amounts reported by TDA for the year ended June 30, 2016. As a result of the review, ODE made a determination that TDA overstated FTE amounts for the period and ODE would require repayment of approximately \$4.4 million. As of the date of this letter, TDA is in appeals process regarding this matter. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on TDA's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2017, on our consideration of TDA'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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering TDA's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

February 27, 2017

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TRECA Digital Academy
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
Unaudited

The discussion and analysis of TRECA Digital Academy's (TDA) financial performance provides an overall review of TDA's financial activities for the fiscal year ended June 30, 2016. Readers should also review the basic financial statements and notes to enhance their understanding of TDA's financial performance.

Highlights

TRECA Digital Academy (TDA) was established and began its first year of operations in fiscal year 2002. TDA is an online internet school. TDA served 644 students in its first year of operation and has grown to a student enrollment of 1,948 students in fiscal year 2016. TDA continues to contract with Metropolitan Educational Technology Association (META), for many of the services it needs to educate the students.

Using the Basic Financial Statements

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

The statement of net position and the statement of revenues, expenses, and change in net position reflect how TDA did financially during fiscal year 2016. 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 current fiscal years' revenues and expenses regardless of when cash is received or paid.

These statements report TDA's net position and the change in net position. This change in net position is important because it tells the reader whether the financial position of TDA has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating.

Table 1 provides a summary of TDA's net position for fiscal year 2016 and fiscal year 2015:

	Table 1 Net Position		
	2016	2015	Change
<u>Assets:</u>			
Current and Other Assets	\$666,154	\$600,687	\$65,467
Capital Assets, Net	132,068	149,109	(17,041)
Total Assets	<u>798,222</u>	<u>749,796</u>	<u>48,426</u>
<u>Net Position:</u>			
Net Investment in Capital Assets	132,068	149,109	(17,041)
Unrestricted	666,154	600,687	65,467
Total Net Position	<u>\$798,222</u>	<u>\$749,796</u>	<u>\$48,426</u>

TRECA Digital Academy
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
Unaudited

Note the increase in current and other assets. Grant funding in fiscal year 2016 was higher than with the prior fiscal year. The decrease in capital assets is due to annual depreciation.

Table 2 reflects the change in net position for fiscal year 2016 and fiscal year 2015.

Table 2 Change in Net Position			
	2016	2015	Change
<u>Operating Revenues:</u>			
Foundation	\$13,250,567	\$13,276,285	(\$25,718)
<u>Non-Operating Revenues:</u>			
Grants	1,245,010	1,340,735	(95,725)
Interest Revenue	427	463	(36)
Total Non-Operating Revenues	1,245,437	1,341,198	(95,761)
Total Revenues	14,496,004	14,617,483	(121,479)
<u>Operating Expenses:</u>			
Purchased Services	14,430,537	14,894,349	463,812
Depreciation	17,041	17,041	0
Total Operating Expenses	14,447,578	14,911,390	463,812
Increase (Decrease) in Net Position	48,426	(293,907)	342,333
Net Position at Beginning of Year	749,796	1,043,703	(293,907)
Net Position at End of Year	\$798,222	\$749,796	\$48,426

In fiscal year 2016, State foundation resources were 91 percent of TDA's revenue (same in fiscal year 2015). Foundation is based on student enrollment. The decrease in Foundation and grant resources resulted in a decrease in purchased services spending.

Budgeting

TDA is not required to follow the budgetary provisions set forth in Ohio Revised Code Chapter 5705.

TRECA Digital Academy
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
Unaudited

Capital Assets

At the end of fiscal year 2016, TDA had \$132,068 invested in capital assets (net of accumulated depreciation). There were no additions or disposals. For further information regarding TDA's capital assets, refer to Note 5 to the basic financial statements.

Current Issues

TDA has completed the fifteenth year of operation. We continue to grow in our understanding of the issues of online education. Our student population remains very diverse, creating the challenge of providing a quality education for each individual. Our focus remains on working with students to progress through their assigned curriculum at an appropriate pace, which includes the necessary support structures to allow for academic success. To do this we continue to refine our continuous progress model as well as the opportunity for students to customize their school calendars. This continues to be well received by our students and parents.

In fiscal year 2016, we continued to be an attractive alternative for students/families looking for educational opportunity. The flexibility of our year-round calendar, continuous progress model, and use of cutting edge technology remain important aspects of the program to parents and students.

As a dropout prevention school we recognize the at-risk needs of our students. We continue to address these needs through the services of our SAFE program and support through our advisors. Together the positions support students by providing assistance for non-academic issues that may prevent them from reaching their potential. These efforts have contributed greatly to our increased retention, attendance, and graduation rates during the school year.

Contacting TDA's Financial Management

This financial report is designed to provide citizens, taxpayers, investors, and creditors with a general overview of TDA's finances and to reflect TDA's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Jessica James, Treasurer, TRECA Digital Academy, 100 Executive Drive, Marion, Ohio 43302.

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TRECA Digital Academy
Statement of Net Position
June 30, 2016

Assets:

Current Assets:

Cash and Cash Equivalents	\$70,315
Intergovernmental Receivable	595,839
Total Current Assets	<u>666,154</u>

Non-Current Assets:

Depreciable Capital Assets, Net	132,068
Total Assets	<u><u>\$798,222</u></u>

Net Position:

Net Investment in Capital Assets	\$132,068
Unrestricted	666,154
Total Net Position	<u><u>\$798,222</u></u>

See Accompanying Notes to Basic Financial Statements

TRECA Digital Academy
Statement of Revenues, Expenses, and Change in Net Position
For the Fiscal Year Ended June 30, 2016

<u>Operating Revenues:</u>	
Foundation	<u>\$13,250,567</u>
<u>Operating Expenses:</u>	
Purchased Services	14,430,537
Depreciation	17,041
Total Operating Expenses	<u>14,447,578</u>
Operating Loss	<u>(1,197,011)</u>
<u>Non-Operating Revenues</u>	
Grants	1,245,010
Interest Revenue	427
Total Non-Operating Revenues	<u>1,245,437</u>
Change in Net Position	48,426
Net Position at Beginning of Year	749,796
Net Position at End of Year	<u><u>\$798,222</u></u>

See Accompanying Notes to the Basic Financial Statements

TRECA Digital Academy
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2016

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities:

Cash Received from Foundation	\$13,250,567
Cash Payments for Goods and Services	(14,430,537)
Net Cash Used for Operating Activities	<u>(1,179,970)</u>

Cash Flows from Noncapital Financing Activities:

Cash Received from Grants	1,111,807
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Cash Flows from Investing Activities:

Cash Received from Interest	<u>427</u>
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Net Decrease in Cash and Cash Equivalents	(67,736)
Cash and Cash Equivalents at Beginning of Year	<u>138,051</u>
Cash and Cash Equivalents at End of Year	<u><u>\$70,315</u></u>

Reconciliation of Operating Loss

to Net Cash Used for Operating Activities:

Operating Loss	(\$1,197,011)
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Adjustments to Reconcile Operating Loss

to Net Cash Used for Operating Activities:

Depreciation	<u>17,041</u>
Net Cash Used for Operating Activities	<u><u>(\$1,179,970)</u></u>

See Accompanying Notes to the Basic Financial Statements

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TRECA Digital Academy
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 1 - Description of the School

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

TDA was approved for operation under a contract with the Tri-Rivers Joint Vocational School (the Sponsor), commencing on July 30, 2001. A successor contract was entered into on January 26, 2016, effective through fiscal year 2020. The Sponsor is responsible for evaluating the performance of TDA and has the authority to deny renewal of the contract at its expiration. The Board of Directors is responsible for the operations of TDA.

TDA operates under the direction of a five-member Board of Directors appointed by the Metropolitan Educational Technology Association (META). META can impose its will upon TDA; therefore, TDA is a component unit of META. The Board of Directors is responsible for carrying out the provisions of the contract which include, but are not limited to, State-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. META, under a contractual agreement, provides instructional staff and support faculty to TDA. TDA provides services to 1,948 students.

META is an association of public school districts within the boundaries of Athens, Crawford, Delaware, Erie, Franklin, Knox, Licking, Lorain, Marion, Morrow, Muskingum, Union, and Wyandot Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of META consists of one representative from each county elected by majority vote of all charter member school districts within each county, one representative from the city school districts, and the superintendent from Tri-Rivers Joint Vocational School.

Note 2 - Summary of Significant Accounting Policies

The basic financial statements of TDA 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. Following are the more significant of the TDA's accounting policies.

Note 2 - Summary of Significant Accounting Policies (continued)

A. Basis of Presentation

TDA's basic financial statements consist of a statement of net position; a statement of revenues, expenses, and change in net position; and a statement of cash flows.

TDA uses enterprise accounting to maintain its financial records during the fiscal year. Enterprise accounting focuses on the determination of operating income, change in net position, financial position, and cash flows. Enterprise accounting may be used to account for any activity for which a fee is charged to external users for goods or services.

B. Measurement Focus

TDA is accounted for using a flow of economic resources measurement focus. All assets and liabilities associated with the operation of TDA are included on the statement of net position. The statement of revenues, expenses, and change in net position presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position. The statement of cash flows reflects how TDA finances and meets 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. TDA's financial statements are prepared using the accrual basis of accounting. Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded when the exchange takes place. Revenues resulting from nonexchange transactions, in which TDA receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which TDA must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to TDA on a reimbursement basis.

In addition to assets, the statement of financial position may report deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. TDA did not report any deferred outflows of resources for fiscal year 2016.

In addition to liabilities, the statement of financial position may report deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. TDA did not report any deferred inflows of resources for fiscal year 2016.

Expenses are recognized at the time they are incurred.

Note 2 - Summary of Significant Accounting Policies (continued)

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 TDA's contract with its Sponsor. The contract between TDA and its Sponsor does prescribe an annual budget requirement in addition to preparing a 5-year forecast, which is updated on an annual basis.

E. Cash and Cash Equivalents

Cash held by TDA is reflected as "Cash and Cash Equivalents" on the statement of net position. Investments with an original maturity of three months or less at the time they are purchased are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months are reported as investments. During fiscal year 2016, TDA had no investments.

F. Capital Assets

All capital assets are capitalized at cost and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their fair market value on the date donated. TDA maintains a capitalization threshold of five hundred dollars. TDA does not have any infrastructure. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method. Vehicles are depreciated over ten years.

G. Net Position

Net position represents the difference between all other elements on the statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. TDA first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. TDA did not have any restricted net position at fiscal year end.

H. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of TDA. For TDA, these revenues are foundation payments from the State. Operating expenses are necessary costs incurred to provide the service that is the primary activity of TDA. 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.

TRECA Digital Academy
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 3 - Deposits

At fiscal year end, the carrying amount of TDA's deposits was \$70,315 and the bank balance was \$70,315. The entire bank balance was covered by federal depository insurance.

Note 4 - Receivables

At June 30, 2016, TDA had intergovernmental receivables, in the amount of \$595,839. The receivables are expected to be collected within one year.

	Amount
Idea Part - B	\$193,225
Title I	299,131
Early Childhood	1,348
Title II-A	102,135
Total Intergovernmental Receivables	\$595,839

Note 5 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

	Balance at 6/30/15	Additions	Reductions	Balance at 6/30/16
Depreciable Capital Assets				
Vehicles	\$170,410	\$0	\$0	\$170,410
Less Accumulated Depreciation for				
Vehicles	(21,301)	(17,041)	0	(38,342)
Capital Assets, Net	\$149,109	(\$17,041)	\$0	\$132,068

Note 6 - Fiscal Agent

The Comprehensive Service Agreement between TDA and META, adopted September 1, 2001, establishes the services of the Treasurer to be included in those supplied by META to TDA. A successor agreement was entered into on August 24, 2010, effective through fiscal year 2016. Furthermore, the sponsorship agreement states the Treasurer of META shall serve as the Treasurer of TDA.

TRECA Digital Academy
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 6 - Fiscal Agent (continued)

The Treasurer of META shall perform the following functions while serving as the Treasurer of TDA:

- A. Maintain the financial records of TDA in the same manner as are financial records of school districts, pursuant to rules of the Auditor of State;
- B. Comply with the policies and procedures regarding internal financial control of TDA; and
- C. Comply with the requirements and procedures for financial audits by the Auditor of the State.

Note 7 - Contract with META

On August 24, 2010, TDA entered into a contract with META for management consulting services. Under the contract, the following terms were agreed upon:

1. META shall provide instructional, supervisory/administrative, and technical services sufficient to effectively implement TDA's educational plan and TDA's assessment and accountability plan.
2. All personnel providing services to TDA on behalf of META under the agreement shall be employees of META and META 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.
3. The technical services provided by META to TDA 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.

To obtain META's June 30, 2016, audited financial statements, contact David Varda, Treasurer, at dvarda@metasolutions.net.

Note 8 - Related Party Transactions

The five-member board of directors of TDA was appointed by META, therefore META has the ability to impose its will upon TDA. This makes TDA a component unit of META. As part of TDA's contractual agreement dated August 24, 2010, with META for fiscal year 2016, TDA is required to pay META the following fees:

1. Annual Fee - If and at such times as agreed to by the parties, TDA shall pay an annual fee to META for curriculum and program development, teacher training, and marketing services associated with TDA.

TRECA Digital Academy
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 8 - Related Party Transactions (continued)

2. Ongoing Fees - On an ongoing basis, TDA shall pay META 100 percent of the funding received by TDA from the Ohio Department of Education pursuant to section 3314.08 of the Ohio Revised Code.
3. Other Payments - As permitted by law, TDA shall additionally pay META funds received by TDA from grants or other sources for services provided by META, provided META's provision of such services is consistent with the terms of, and fulfill TDA's obligations pursuant to, such grants and other funding.

Payments made by TDA to META in fiscal year 2016 were \$14,430,537. This consists of the \$13,250,567 in base formula funds and \$1,179,970 in fees for which TDA obtained grant monies.

Note 9 - Contingencies

A. Grants

TDA received financial assistance from federal and state agencies in the form of grants. The expenditure 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. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of TDA at June 30, 2016.

B. Litigation

There are currently no matters in litigation with the TDA as defendant.

C. Full Time Equivalency

The Ohio Department of Education (ODE) conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by community schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which State foundation funding is calculated. The conclusions of this review could result in State funding being adjusted. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2016, foundation funding for TDA; therefore, the financial statement impact is not determinable at this time.

TRECA Digital Academy
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 9 - Contingencies (continued)

The Ohio Department of Education conducted a fiscal year 2016 review of enrollment data and full-time equivalency calculations for TDA. The review consisted of two site visits from ODE on March 15 and June 23; at which time sample groups of students were randomly selected and evaluated for proper enrollment documentation. In addition, the visit on June 23 included a request for learning opportunity documentation to validate FTE calculations. The conclusion of the June 23 site visit included inconsistencies between the funded FTE for fiscal year 2016 and the supporting learning opportunity documentation of students sampled. These findings were reported to TDA on August 9 in a letter from ODE's Area Coordinator. This letter was later said to be redacted and a new letter was received by TDA on August 25 that included additional language regarding the inconsistencies between the funded FTE in fiscal year 2016 and the learning opportunity documentation. On August 26, TDA received a letter from the Office of Budget and School Finance which outlined that as a result of the FTE site review findings, an accounting of learning opportunity documentation for all students was required by September 9. TDA provided the requested documentation on September 9 along with a request for clarification on the inclusion of additional "non-computerized" learning opportunities previously omitted. On September 28, the Office of Budget and School Finance provided TDA an opportunity to resubmit documentation that included the additional opportunities. The complete documentation was resubmitted on September 30 and a FTE Final Determination letter was sent to TDA identifying the findings of the fiscal year 2016 FTE Review. It concluded that TDA was funded 38.2 percent more than it should have been, or approximately \$4.4 million. In dispute of this determination and the FTE review process, TDA submitted an appeal on October 13. A joint motion was filed by the legal counsel of TDA and legal counsel of ODE on March 15, 2017 to request continuance of the hearing originally scheduled for March 21.

D. Risk Management

TDA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. TDA does not purchase its own liability insurance. META contracted with the Ohio School Plan to provide property and general liability insurance for TDA.

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**TRECA DIGITAL ACADEMY
MARION COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	<u>Disbursements</u>
U.S. DEPARTMENT OF EDUCATION <i>Passed Through Ohio Department of Education</i>		
Title I Grants to Local Educational Agencies	84.010	\$ 530,481
Special Education-Grants to States	84.027	423,935
Improving Teacher Quality State Grants	84.367	74,908
ARRA-State Fiscal Stabilization Fund (SFSF)-Race-to-the-Top Incentive Grants, Recovery Act	84.395A	<u>14,817</u>
TOTAL U.S. DEPARTMENT OF EDUCATION		<u>1,044,141</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u><u>\$ 1,044,141</u></u>

The accompanying notes are an integral part of this schedule.

**TRECA DIGITAL ACADEMY
MARION COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of TRECA Digital Academy (TDA's) under programs of the federal government for the year ended June 30, 2016. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of TDA, it is not intended to and does not present the financial position, changes in net assets, or cash flows of TDA.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* (codified in 2 CFR Part 225), or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. TDA has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. TDA transferred the following amounts from 2016 to 2017 programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amt. Transferred</u>
Title I Grants to Local Educational Agencies	84.010	\$170,858
Special Education - Grants to States	84.027	\$84,522
Improving Teacher Quality State Grants	84.367	\$80,920
Special Education - Preschool Grants	84.173	\$1,348



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

TRECA Digital Academy
Marion County
100 Executive Drive
Marion, Ohio 43302

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of TRECA Digital Academy, Marion County, Ohio, (TDA), a component unit of the Metropolitan Educational Technology Association (META), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise TDA's basic financial statements and have issued our report thereon dated February 27, 2017, wherein we noted TDA is in an appeals process with the Ohio Department of Education (ODE) regarding the results of the June 30, 2016, Full-Time Equivalency review conducted by ODE.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered TDA's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of TDA's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of TDA's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2016-001 and 2016-002 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether TDA'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, opining 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2016-002.

TDA's Response to Findings

TDA's responses to the findings identified in our audit are described in the accompanying schedule of findings and corrective action plan. We did not audit TDA's responses and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of TDA's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering TDA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

February 27, 2017



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

TRECA Digital Academy
Marion County
100 Executive Drive
Marion, Ohio 43302

To the Board of Directors:

Report on Compliance for the Major Federal Program

We have audited TRECA Digital Academy's, Marion County, Ohio, (TDA), a component unit of the Metropolitan Educational Technology Association (META), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect TRECA Digital Academy's major federal program for the year ended June 30, 2016. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies TDA's major federal program.

Management's Responsibility

TDA's management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on TDA's compliance for TDA's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about TDA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on TDA's major program. However, our audit does not provide a legal determination on TDA's compliance.

Opinion on the Major Federal Program

In our opinion, TRECA Digital Academy complied, in all material respects with the requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2016.

Report on Internal Control Over Compliance

TDA's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered TDA's internal control over compliance with the applicable requirements that could directly and materially affect the major federal program, to determine our auditing procedures appropriate for opining on the major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of TDA's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

February 27, 2017

**TRECA DIGITAL ACADEMY
MARION COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2016**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	CFDA #84.027 – Special Education-Grants to States
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR §200.520?	Yes

**TRECA DIGITAL ACADEMY
MARION COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2016
(Continued)**

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

FINDING NUMBER 2016-001

**Material Weakness
Monitoring of Financial Transactions**

Implementing internal controls is an important responsibility of management. In addition, the Board must periodically monitor management's control procedures to verify they are functioning effectively. To serve as informed overseers of the financial reporting process, the Board of Directors, at minimum, should periodically convene to perform the following functions:

- Review monthly financial reports
- Review monthly reconciliations
- Review the financial statements
- Approve financial transactions
- Assure that audit results are addressed

Additionally, Section 5c of the Comprehensive Services/Operating Agreement between Metropolitan Educational Technology Association (formerly TRECA) and TRECA Digital Academy (TDA) states that TDA shall pay to META funds received by TDA from grants or other sources for services provided by META in accordance with the terms of the agreement, provided META's provision of such services is consistent with the terms of, and fulfill TDA's obligations pursuant to, such grants or other funding.

During fiscal year 2016, the Board of Directors was the same Board as the Operator (META). Although the META reports the combined Board reviewed included TDA activity, minutes were not maintained for TDA, which would show that TDA business was discussed. Additionally, TDA did not receive invoices from META, which would detail the services provided and the amounts owed. The Treasurer for TDA (who was also the Treasurer for META) would record expenditures and transfer funds to META based on fund balances and expenditures recorded by META.

By the Board not being involved in the operations of TDA, errors and irregularities could occur and not be detected in a timely manner. Additionally, failure to receive a detailed invoice prior to payment for services could result in TDA paying for services not received.

We recommend the Board meet at least on a monthly basis to monitor the financial activity of TDA and to document their review in the minute record. We further recommend TDA make payments upon receipt of an invoice for services.

Officials' Response
See Corrective Action Plan

TRECA DIGITAL ACADEMY
MARION COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2016
(Continued)

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2016-002

**Material Weakness / Material Noncompliance
Full-Time Equivalent (FTE) Reporting in EMIS**

Ohio Rev. Code § 3314.08-(H) requires, in part, the department of education to adjust the amounts subtracted and paid under division (C) of this section to reflect any enrollment of students in community schools for less than the equivalent of a full school year. The state board of education within ninety days after April 8, 2003, was obligated to act under Chapter 119 of the Revised Code to adopt rules governing the payments to community schools under this section including initial payments in a school year, adjustments and reductions made in subsequent periodic payments to community schools and corresponding deductions from school district accounts as provided under division (C) of this section.

Ohio Rev. Code § 3314.08(H)(2) provides in part, "A student shall be considered to be enrolled in a community school for the period of time beginning on the later of the date on which the school both has received documentation of the student's enrollment from a parent and the student has commenced participation in learning opportunities as defined in the contract with the sponsor, or thirty days prior to the date on which the student is entered into the education management information system established under section 3301.0714 of the Revised Code. For purposes of applying this division and divisions (H)(3) and (4) of this section to a community school student, "learning opportunities" shall be defined in the contract, which shall describe both classroom-based and non-classroom-based learning opportunities and shall be in compliance with criteria and documentation requirements for student participation which shall be established by the department. Any student's instruction time in non-classroom-based learning opportunities shall be certified by an employee of the community school."

Ohio Rev. Code § 3314.08(H)(3) includes the following: "The department shall determine each community school student's percentage of full-time equivalency based on the percentage of learning opportunities offered by the community school to that student, reported either as number of hours or number of days, is of the total learning opportunities offered by the community school to a student who attends for the school's entire school year. However, no internet- or computer-based community school shall be credited for any time a student spends participating in learning opportunities beyond ten hours within any period of twenty-four consecutive hours. Whether it reports hours or days of learning opportunities, each community school shall offer not less than nine hundred twenty hours of learning opportunities during the school year."

In addition, **Ohio Rev. Code § 3314.03(11)(a)** states, in part, "The school will provide learning opportunities to a minimum of twenty-five students for a minimum of nine hundred twenty hours per school year."

While the Ohio Rev. Code does not explicitly require the Sponsor contract for an internet or computer-based community school ("ESchool") to document how an Eschool will document participation of learning opportunities, a contract with such language would provide guidance to an Eschool to comply with the Ohio Revised Code and rules set by the ODE. In addition, the Sponsor could suggest monthly FTE support and EMIS data be submitted for review to allow the Sponsor to monitor compliance more effectively.

**TRECA DIGITAL ACADEMY
MARION COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2016
(Continued)**

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2016-002 (Continued)

**Material Weakness / Material Noncompliance
Full-Time Equivalent (FTE) Reporting in EMIS (Continued)**

Ohio Rev. Code § 3314.27 states, in relevant part, that "...each internet or computer-based community school shall keep an accurate record of each individual student's participation in learning opportunities each day." Further, **Ohio Rev. Code § 3314.03(A)(23)** states, again in relevant part, that each contract entered into between a sponsor and the governing authority of a community school shall specify "[a] description of the learning opportunities that will be offered to students including both classroom-based and non-classroom-based learning opportunities that is in compliance with criteria for student participation established by the department under division (H)(2) of section 3314.08 of the Revised Code."

TDA's procedures to track FTE during fiscal year 2016 were to assess FTE based on the period between a student's enrollment date and withdraw date, if applicable, or last day of school. If a student was enrolled the entire school year TDA reported an FTE of one for the student in EMIS; similarly, if a student was enrolled for a period of 3 months TDA reported an FTE of .25 for the student in EMIS. TDA did not have any policies or procedures in place during the audit period to capture the duration of time a student was engaged in learning opportunities.

The Ohio Department of Education (ODE) performed an FTE review regarding the number of students enrolled as FTEs that TDA reported in EMIS. After the ODE review began, TDA did attempt to collect the time students were logged on to the various Education Learning Systems and Modules. However, TDA could only successfully collect approximately 70% of the durational information from 10 to 12 learning systems utilized to provide learning opportunities to the students. While ODE would have accepted manual tracking of hours spent on learning opportunities as a substitute for the time spent on the computer, TDA did not have a manual tracking process in place during the audit period.

ODE informed TDA of its results of the FTE review in a letter dated September 30, 2016. ODE noted in the letter that it was able to match 3,374 records provided by TDA. TDA reported 1,963.50 FTEs on the records provided to be verified by ODE. ODE's testing, however, found only 1,225.44 FTEs that could be supported by the duration of time documentation provided by TDA.

TDA's inability to provide documentation to support the FTE requirements for durational engagement for each student in EMIS has resulted in a potential liability of approximately \$4.4 million owed to ODE for overfunding. As allowed by Ohio Rev. Code § 3314.08(K), TDA has appealed the findings noted in ODE's FTE review with the State Board of Education.

Further, upon review of TDA's contract with the Board of Education of the Tri-Rivers Joint Vocational School District (the Sponsor), we noted that Exhibit 1 of the contract defines the educational curriculum and instructional program. The contract states that "the curriculum and instruction are tied to state standards, and the objectives of the online instruction are written so that can be assessed online," however, at no point within the contract does it specify how the School or the Sponsor intends to comply with documenting the "criteria for student participation" requirements as established by the Ohio Department of Education.

**TRECA DIGITAL ACADEMY
MARION COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2016
(Continued)**

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

FINDING NUMBER 2016-002 (Continued)

**Material Weakness / Material Noncompliance
Full-Time Equivalent (FTE) Reporting in EMIS (Continued)**

We recommend TDA review the statutory requirements to determine what documentation is needed to support the FTE data reported for each student. Furthermore, we recommend that TDA consider using ODE's most recent FTE manual as further guidance to determine what information ODE considers to be needed to support FTE. Once TDA has an understanding of what is required to support FTE, TDA should develop policies and procedures to capture the duration of time spent by students on the computer, as well as time spent on non-computer learning opportunities.

Officials' Response

See Corrective Action Plan

3. FINDINGS FOR FEDERAL AWARDS

None

**TRECA DIGITAL ACADEMY
MARION COUNTY**

**CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
JUNE 30, 2016**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2016-001	<p>Prior to receiving this Auditor's report, the school, with the oversight of its sponsor, had already initiated and completed actions that are now being recommended by the Auditor. As a result, all recommendations raised in finding 2016-001 were identified and addressed prior to this Audit being released. This column, therefore, describes "corrective actions" that have been completed already.</p> <p>The school now has a governing board that is independent and separate from META Solutions.</p> <p>With the monitoring, oversight, and technical assistance of the school's Sponsor, Tri-Rivers Career Center, the school's new governing board approved an amended Code of Regulations.</p> <p>Beginning in August of 2016, the school's governing board meets on a monthly basis. Among other things, it reviews financial statements (which include: statement of net position, budget to actual comparison, cash activity, accounts payable aging, bank to book reconciliation, bank statement), monitor spending, and ensure adherence to the school's budget and authorization for expenditures.</p> <p>The School also revised the agreement between the school and META Solutions. The purpose of the revision was to clearly outline the services provided by the Operator (META) to the school for the 2017 fiscal year. In addition, the revised agreement outlined terms and processes for monthly invoicing of services prior to payment that could be clearly monitored and reviewed by the school's governing board on a monthly basis.</p> <p>The school's governing board now keeps accurate minutes of all meetings, showing items discussed and all actions taken.</p>	December 2016 (Already Completed)	Adam Clark – Executive Director of TRECA Digital Academy

**TRECA DIGITAL ACADEMY
MARION COUNTY**

**CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
JUNE 30, 2016
(Continued)**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2016-002	<p>The school has, in conjunction with legal counsel, reviewed the statutory requirements and ODE's most recent FTE Manual to determine what documentation is needed to support the FTE data reported for each student. The school, along with most, if not all, other e-schools in the state, remain uncertain what ODE considers necessary to support FTE. The FTE Manual fails to provide clear and sufficient explanations as to how e-schools can support FTE, particularly when reviewers have discretion in interpreting the sufficiency of support. Nonetheless, the school—<i>sua sponte</i>—took immediate corrective actions that address the issues now identified in finding 2016-002. As a result of fiscal year 2016 FTE Review with the Ohio Department of Education, procedures were reviewed to examine how to more effectively monitor both computer-based and non-computer-based learning opportunities. Actions stemming from this examination led to the creation and implementation of a new documentation system to be internally used by teachers and school support staff to document learning opportunities on a regular basis. This additional documentation, used in conjunction with existing computer-based tracking, will lead to more comprehensive analysis and collection of student learning opportunity time.</p> <p>In addition, new software has been implemented on all assigned school computers to monitor learning opportunities in far greater detail. Existing systems used in FY16 provided detail of online activity within the school's Learning Management System. Implementation of additional tracking software now provides the ability to track all activity on the computer, whether online or off.</p> <p>In total, these actions have been taken to collect more data detailing student participation in learning opportunities. Further study and analysis of time tracking tools will continue in effort to produce the most accurate and robust data as possible for identifying FTEs in compliance with Ohio Department of Education requirements.</p>	August 2016 through December 2016 (Already Completed)	Adam Clark – Executive Director of TRECA Digital Academy

**TRECA DIGITAL ACADEMY
MARION COUNTY**

**CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
JUNE 30, 2016
(Continued)**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2016-002 (Continued)	<p>Finally, an amended sponsor contract was negotiated and approved by the school's governing board and the Sponsor in December of 2016. The new contract includes general increased oversight obligation of the Sponsor, specifically that a representative of the Sponsor knowledgeable in school finance shall meet with the school's governing board or treasurer to review the financial and enrollment records of the SCHOOL at least once every month. Within ten days after each review, the Sponsor is obligated to provide the school's governing board and the school's treasurer with a written report regarding the review.</p> <p>All "corrective actions" were taken prior to receiving this Auditor's report, the school, but are consistent with the Auditor's recommendations.</p>	August 2016 through December 2016 (Already Completed)	Adam Clark – Executive Director of TRECA Digital Academy



Dave Yost • Auditor of State

TRECA DIGITAL ACADEMY

MARION 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
APRIL 13, 2017**