AKRON DIGITAL ACADEMY
SUMMIT COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2009

Mary Taylor, CPA
Auditor of State

AKRON DIGITAL ACADEMY
SUMMIT COUNTY

TABLE OF CONTENTS

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Mary Taylor, CPA
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INDEPENDENT ACCOUNTANTS' REPORT

Akron Digital Academy
Summit County
335 South Main Street
Akron, Ohio 44308

To the Board of Directors:

We have audited the accompanying basic financial statements of the Akron Digital Academy, Summit County, Ohio, (the Academy) a component unit of the Akron City 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 opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Akron Digital Academy, Summit County, Ohio, as of June 30, 2009, and the changes in 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 December 8, 2009, 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.

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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.

We conducted our audit to opine on the financial statements that collectively comprise the Academy's basic financial statements. The Federal Awards Receipts and Expenditures Schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and is not a required part of the basic financial statements. We subjected the Federal Awards Receipts and Expenditure Schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 8, 2009

The discussion and analysis of the Akron Digital Academy's (the "Academy") financial performance provides an overall review of the Academy's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Academy's financial performance.

Financial Highlights

Key financial highlights for the fiscal year ended June 30, 2009 are as follows:

- Total net assets decreased $199,150. This is a 10.2 percent decrease from fiscal year 2008.
- Total revenues decreased to $4,934,517 from $5,238,573. This is a decrease of $304,056 or 5.8 percent.
- Total expenses were $5,133,667. Total expenses increased from $4,977,435 from fiscal year 2008. This is an increase of $156,232 or 3.1 percent.

Using this Annual Report

This annual report consists of the Management's Discussion and Analysis, the basic financial statements and the notes to the basic financial statements. The basic financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Net Assets, and a Statement of Cash Flows.

The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets answer the question, "How did we do financially during fiscal year 2009"? The Statement of Net Assets includes all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most companies in the private sector. This basis of accounting takes into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Academy's net assets and changes in those assets. This change in net assets is important because it tells the reader that the financial position of the Academy has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Nonfinancial factors include the Academy's facility conditions, required educational programs and other factors.

Table 1 provides a summary of the Academy's net assets for fiscal year 2009 compared to fiscal year 2008 as follows:

Table 1
Net Assets at June 30,

	2009	2008
Assets		
Current Assets	$1,732,792	$1,916,028
Capital Assets, Net	101,570	129,411
Total Assets	1,834,362	2,045,439
Liabilities		
Current Liabilities	71,193	78,362
Long-Term Liabilities	7,533	12,291
Total Liabilities	78,726	90,653
Net Assets		
Invested in Capital Assets, Net of Related Debt	89,279	112,362
Restricted for Operating Grants	485,691	522,493
Unrestricted	1,180,666	1,319,931
Total Net Assets	$1,755,636	$1,954,786

Total assets decreased $211,077.

Cash decreased $149,048. This decrease is attributed to a decrease in non-operating revenues and an increase in operating expenses. Interest and grants non-operating revenues decreased. Interest non-operating revenue decreased because of a decline in interest rates. Grants non-operating revenue decreased due to a reduction in the award amounts of the federal grant programs passed through the Ohio Department of Education's Comprehensive Continuous Improvement Plan.

The following expenses increased, which accounts for the majority of the increase in operating expenses: reimbursements to the Sponsor for personnel and staff and payments in connection with operating leases for facilities space.

Also, intergovernmental receivable decreased $36,802 from the prior fiscal year. The Academy participated in the following federal grant programs which are passed through the Ohio Department of Education's Comprehensive Continuous Improvement Plan: Part B-IDEA Special Education, Title I, Title V Innovative Programs, Title IV-A Safe and Drug-Free Schools, Title II-A Improving Teacher Quality, and Title II-D Technology during the current fiscal year. The Academy was awarded a total of $730,615 during the 2009 fiscal year for these programs and received $244,924 of this award amount as of June 30, 2009 resulting in an intergovernmental receivable amount of $485,691 at June 30, 2009. On the other hand, the Academy was awarded a total of $929,692 during the 2008 fiscal year for these programs and received $407,199 of this award amount as of June 30, 2008 resulting in an intergovernmental receivable amount of $522,493 at June 30, 2008.

In addition, capital assets decreased $27,841. The majority of this decrease can be attributed to depreciation operating expense of $28,630. The change in capital assets will be discussed in greater detail later.

Total liabilities decreased $11,927. This decrease is mostly attributed to an $11,000 decrease in accounts payable. A purchase of six servers totaling $42,595 was included in accounts payable as of June 30, 2008. No single liability of this significance was included in accounts payable at June 30, 2009.

The change in accounts payable is offset by an increase in intergovernmental payable of $3,831 and a decrease in capital leases payable of $4,758. The increase in intergovernmental payable is attributed to an increase in the amount of liabilities owed to the Sponsor as of June 30, 2009 than as of June 30, 2008. The decrease in capital leases payable resulted from the monthly principal lease payments made by the Academy for a scanner during the current fiscal year. These lease payments totaled $4,758 during fiscal year 2009.

The net impact of the assets decrease and liabilities decrease was a decrease of net assets of $199,150.

Table 2 shows the changes in net assets for fiscal years 2009 and 2008 as follows:

Table 2

Change in Net Assets

	2009	2008
Operating Revenues		
Foundation Payments	$4,391,892	$4,254,986
Non-Operating Revenues		
Interest	6,832	48,415
Grants	524,373	934,692
Other	11,420	480
Total Non-Operating Revenues	542,625	983,587
Total Revenues	4,934,517	5,238,573
Operating Expenses		
Purchased Services	4,673,481	4,433,129
Materials and Supplies	383,551	516,645
Depreciation	28,630	11,665
Other	45,212	10,702
Total Operating Expenses	5,130,874	4,972,141
Non-Operating Expenses		
Loss on Disposal of Capital Assets	2,793	5,294
Total Expenses	5,133,667	4,977,435
Increase/(Decrease) in Net Assets	($199,150)	$261,138

The Academy's activities consist of enterprise activity. Community schools receive no support from taxes.

Foundation payments increased from $4,254,986 in fiscal year 2008 to $4,391,892 in fiscal year 2009. Foundation payments comprised 89.0 percent of total revenues. There are two reasons for the increase in foundation payments. The first reason is a rise in student average daily membership. Student average daily membership increased to 665 in fiscal year 2009 from 660 in fiscal year 2008. The amount of foundation payments received from the State increases as student average daily membership increases. Secondly, the amount per pupil received from the State increased to $5,732 per pupil during the current fiscal year from $5,565 in the prior fiscal year.

The State Foundation Program is, by far, the primary support for the Academy's students.

Total non-operating revenues decreased from $983,587 in fiscal year 2008 to $542,625 in fiscal year 2009. This decrease is primarily due to decreases in interest non-operating revenue of $41,583 and grants non-operating revenue of $410,319. As previously discussed, interest non-operating revenue decreased because of a decline in interest rates. The decrease in grants non-operating revenue, as previously discussed, is due to a reduction in the award amounts of the federal grant programs passed through the Ohio Department of Education's Comprehensive Continuous Improvement Plan. The Academy was awarded $730,615 of federal grant funds in fiscal year 2009 as compared to $929,692 of federal grant funds in fiscal year 2008.

Total expenses increased from $4,977,435 in fiscal year 2008 to $5,133,667 in fiscal year 2009, a 3.1 percent increase. As previously discussed, this increase mainly is a result of the following expense increases: reimbursements to the Sponsor for personnel and staff and payments in connection with operating leases for facilities space.

Purchased services operating expenses increased to $4,673,481 in fiscal year 2009 from $4,433,129 in fiscal year 2008. Reimbursements paid to the Sponsor for personnel and staff increased from $2,607,857 in the prior fiscal year to $2,878,779 in the current fiscal year. This increased because the number of personnel and staff used by the Academy increased, and the salaries and hourly pay rates of the individuals increased. For further explanation of the payments to the Sponsor, see Note 6 of the notes to the basic financial statements. Plus, the payments in connection with operating leases for facilities space increased. This increased because the Academy increased the amount of space used at the Evans Building location during the current fiscal year.

In addition, other operating expenses increased to $45,212 in fiscal year 2009 from $10,702 in fiscal year 2008. This is mainly due to the following: the Academy returned $26,261 of federal Title I funds to the Ohio Department of Education resulting from an audit finding in the fiscal year 2008 audit, an increase in payments for student awards and incentives from $4,724 in fiscal year 2008 to $6,614 in fiscal year 2009, and an increase in expenses for audit services from $5,394 in fiscal year 2008 to $11,493 in fiscal year 2009. Audit services expenses increased by $6,099 because fiscal year 2009 was the first fiscal year where the Academy's participation in federal grant programs passed through the Ohio Department of Education's Comprehensive Continuous Improvement Plan was subject to a Single Audit.

The increases in purchased services and other operating expenses were offset by a decrease in materials and supplies operating expense. Materials and supplies operating expense decreased to $383,551 in fiscal year 2009 from $516,645 in fiscal year 2008. The Academy simply spent less on instructional materials, supplies and software in the current fiscal year than in the prior fiscal year.

Capital Assets

At the end of fiscal year 2009, the Academy had $101,570 invested in furniture and equipment. Table 3 shows fiscal year 2009 balances compared to fiscal year 2008 as follows:

Table 3
Capital Assets at June 30,
(Net of Depreciation)

	2009	2008
Furniture and Equipment	$101,570	$129,411

Depreciation operating expense of $28,630 accounts for the majority of the decrease in capital assets.

For the Future

The Academy's focus will be to maintain its current enrollment. Therefore, the Academy does not anticipate significant changes in revenues and expenses.

The Academy will be receiving some American Recovery and Reinvestment Act funds in fiscal years 2010 and 2011 from the federal government that will aid in maintaining current revenue levels.

The Academy plans to participate in the federal grant programs passed through the Ohio Department of Education's Comprehensive Continuous Improvement Plan every fiscal year in the future. These grant funds enhance the operations of the Academy.

As a result, the Academy's management must diligently plan expenses, staying carefully within the Academy's five-year plan.

The Academy's management must plan carefully and prudently to provide the resources to meet student needs over the next several fiscal years. Financially, the future is not without challenges.

Contacting the Academy's Management

This financial report is designed to provide our citizens, investors and creditors with a general overview of the Academy's finances and to show the Academy's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Todd Adkins, Treasurer, at Akron Digital Academy, 70 North Broadway, Akron, Ohio 44308-1999 or email at tadkins@akron.k12.oh.us.

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Akron Digital Academy
Summit County
Statement of Net Assets
June 30, 2009

Assets	
Current Assets:	
Cash	$1,232,924
Intergovernmental Receivable	485,691
Prepaid Items	14,177
Total Current Assets	1,732,792
Noncurrent Assets:	
Depreciable Capital Assets	101,570
Total Assets	1,834,362
Liabilities	
Current Liabilities:	
Accounts Payable	55,513
Intergovernmental Payable	10,922
Capital Leases Payable, Current Portion	4,758
Total Current Liabilities	71,193
Long-Term Liabilities:	
Capital Leases Payable	7,533
Total Liabilities	78,726
Net Assets	
Invested in Capital Assets, Net of Related Debt	89,279
Restricted for Operating Grants	485,691
Unrestricted	1,180,666
Total Net Assets	$1,755,636

See accompanying notes to the basic financial statements

Akron Digital Academy
Summit County
Statement of Revenues, Expenses and
Changes in Net Assets
For the Fiscal Year Ended June 30, 2009

Operating Revenues	
Foundation Payments	$4,391,892
Total Operating Revenues	4,391,892
Operating Expenses	
Purchased Services	4,673,481
Materials and Supplies	383,551
Depreciation	28,630
Other	45,212
Total Operating Expenses	5,130,874
Operating (Loss)	(738,982)
Non-Operating Revenues (Expenses)	
Interest	6,832
Grants	524,373
Other	11,420
Loss on Disposal of Capital Assets	(2,793)
Total Non-Operating Revenues (Expenses)	539,832
Change in Net Assets	(199,150)
Net Assets at Beginning of Fiscal Year	1,954,786
Net Assets at End of Fiscal Year	$1,755,636

See accompanying notes to the basic financial statements

Akron Digital Academy
Summit County
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2009

Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Foundation Payments	$4,391,892
Cash Payments for Goods and Services	(5,069,481)
Net Cash (Used in) Operating Activities	(677,589)
Cash Flows from Noncapital Financing Activities	
Grants Received	561,175
Other Non-Operating Revenues	11,469
Net Cash Provided by Noncapital Financing Activities	572,644
Cash Flows from Capital and Related Financing Activities	
Payments for Capital Acquisitions	(46,177)
Principal Payments for Capital Leases	(4,758)
Net Cash (Used in) Capital and Related Financing Activities	(50,935)
Cash Flows from Investing Activities	
Interest on Investments	6,832
Net (Decrease) in Cash and Cash Equivalents	(149,048)
Cash and Cash Equivalents at Beginning of Fiscal Year	1,381,972
Cash and Cash Equivalents at End of Fiscal Year	$1,232,924
Reconciliation of Operating (Loss) to Net Cash (Used in) Operating Activities	
Operating (Loss)	($738,982)
Adjustments:	
Depreciation	28,630
(Increase) Decrease in Assets:	
Accounts Receivable	192
Prepaid Items	(2,855)
Increase (Decrease) in Liabilities:	
Accounts Payable	31,595
Intergovernmental Payable	3,831
Total Adjustments	61,393
Net Cash (Used in) Operating Activities	($677,589)

Non-Cash Items

Capital assets purchased on accounts payable in fiscal year 2008 totaled $42,595

See accompanying notes to the basic financial statements

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Note 1 – Description of the Academy and Reporting Entity

The Akron Digital Academy (the "Academy") is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 1702 and 3314 to address the needs of students in kindergarten through the twelfth grade. The Academy is nonsectarian in its programs, admission policies, employment practices, and all other operations. The Academy may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the Academy. The Academy is considered a component unit of the Akron City School District (the "Sponsor") for reporting purposes, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14.

The Academy is designed for students who have a desire for, and whose education can be optimized by, a program of online instruction in an independent environment that does not include ancillary components of a more traditional education. Because the focus is on distance learning, the ability of students to learn independently in their own homes using an online educational program is an essential element of the Academy's program.

The Academy was approved for operation under contract with the Sponsor for a period of five years commencing July 1, 2002. The Academy began operations on October 7, 2002. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration. In addition, the Academy was approved for operation under contract with the Sponsor for another period of five years commencing July 1, 2007.

The Academy operates under the direction of a seven-member Board of Directors appointed by the Sponsor. The Board consists of a Board President, three members who hold administrative positions with the Sponsor, a public official not employed by the Sponsor, and two individuals representing the interest of parents and students. The Board of Directors is responsible for carrying out 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.

All of the Academy's personnel services, which provided services to 665 students, were purchased from the Sponsor during fiscal year 2009.

Note 2 – Summary of Significant Accounting Policies

The basic financial statements of the Academy have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental nonprofit organizations. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Academy also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its proprietary activities, provided they do not conflict with or contradict GASB pronouncements. The Academy has the option to also apply FASB Statements and Interpretations issued after November 30, 1989 to its proprietary activities, subject to the same limitation. The Academy has elected not to apply these FASB Statements and Interpretations. The more significant of the Academy's accounting policies are described below.

Note 2 – Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation

The Academy'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.

Enterprise reporting focuses on the determination of the change in net assets, financial position and cash flows.

B. Measurement Focus

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Net Assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The Statement of Cash Flows provides information about how the Academy finances and meets the cash flow needs of its enterprise activities.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the basic financial statements. The Academy's basic 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.

Non-exchange transactions, in which the Academy receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is 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 the Academy must provide local resources to be used for a specified purpose, and expense requirements, in which the resources are provided to the Academy on a reimbursement basis.

Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue.

Expenses are recognized at the time they are incurred.

D. Budgetary Process

Unlike traditional public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in the Ohio Revised Code Chapter 5705, unless specifically provided in the contract between the Academy and its Sponsor, except for Ohio Revised Code Section 5705.391 as it relates to five-year forecasts. The contract between the Academy and its Sponsor does not prescribe a budgetary process for the Academy; therefore, no budgetary information is presented in the basic financial statements.

Note 2 – Summary of Significant Accounting Policies (Continued)

E. Cash and Cash Equivalents

During fiscal year 2009, investments were limited to overnight Eurodollars. Investments with an original maturity of three months or less at the time they are purchased by the Academy are presented on the basic financial statements as cash equivalents.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2009 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the fiscal year in which the services are consumed.

G. Capital Assets

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The Academy maintains a capitalization threshold of one thousand dollars. The Academy does not possess 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.

All reported 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 over four to ten years for furniture and equipment.

H. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors or laws or regulations of governments. Net assets restricted for operating grants are primarily for the instruction of students through Federal programs that are passed through the Ohio Department of Education's Comprehensive Continuous Improvement Plan.

I. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activities. For the Academy, these revenues are payments from the State Foundation Program. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activities of the Academy. All revenues and expenses not meeting these definitions are reported as non-operating.

J. Intergovernmental Revenues

The Academy currently participates in the State Foundation Program. Revenues received from this program are recognized as operating revenues in the accounting period in which all eligibility requirements have been met.

Note 2 – Summary of Significant Accounting Policies (Continued)

J. Intergovernmental Revenues (Continued)

The Academy also participates in the State Education Management Information System ("EMIS") through the Ohio Department of Education. Under this program, the Academy was awarded $5,000 during the fiscal year ended June 30, 2009 to offset costs for EMIS reporting. Revenues received from this program are recognized as non-operating revenue in the accounting period in which all eligibility requirements have been met.

In addition, the Academy participated in the following federal grant programs which are passed through the Ohio Department of Education's Comprehensive Continuous Improvement Plan: Part B-IDEA Special Education, Title I, Title V Innovative Programs, Title IV-A Safe and Drug-Free Schools, Title II-A Improving Teacher Quality, and Title II-D Technology. The Academy was awarded a total of $730,615 during the fiscal year ended June 30, 2009 for these programs. Revenues received from these programs are recognized as non-operating revenue in the accounting period in which all eligibility requirements have been met.

Amounts received under these programs for the 2009 fiscal year totaled $4,916,265.

K. Estimates

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

Note 3 – Deposits and Investments

Deposits Custodial credit risk for deposits is the risk that in the event of bank failure, the Academy will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, the carrying amount of the Academy's deposits was $1,232,924 and the bank balance was $1,548,174. Of the bank balance, $998,114 was covered by the Federal Deposit Insurance Corporation and $550,060 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in Academy's name.

The Academy has no deposit policy for custodial risk.

Investments As of June 30, 2009, the Academy had no investments, however the Academy invested in overnight Eurodollars during fiscal year 2009.

Note 4 – Capital Assets

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

	Balance 6/30/2008	Additions	Deletions	Balance 6/30/2009
Capital Assets, being depreciated:				
Furniture and Equipment	$148,196	$3,582	($4,297)	$147,481
Less Accumulated Depreciation:				
Furniture and Equipment	(18,785)	(28,630)	1,504	(45,911)
Total Capital Assets, being depreciated, net	$129,411	($25,048)	($2,793)	$101,570

Note 5 - Risk Management

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2009, the Academy was covered under the Sponsor's insurance for property, inland marine, crime, general liability, equipment breakdown, educators legal liability and automobile coverage.

Settled claims of the Sponsor have not exceeded commercial coverage in any of the past three fiscal years, and there has not been a significant reduction in coverage from the prior fiscal year.

Note 6 – Agreement with the Akron City School District

A service contract for fiscal year 2009 between the Academy and the Sponsor was previously approved. This service contract commenced on July 1, 2007 and ends June 30, 2009 and may be renewed by mutual agreement. On September 16, 2009, the Academy and its Sponsor entered into a new service contract which commences on July 1, 2009 and ends June 30, 2010, which may be renewed by mutual agreement.

In agreement with the current service contract, the Academy purchased the following services from the Sponsor: personnel to administer and oversee the instruction and governance of the Academy, hourly personnel to provide instructional services to the Academy, and hourly staff to provide support services to the Academy. The Academy is responsible for reimbursement of 100 percent of all costs incurred by the Sponsor related to these services. The Academy reimbursed the Sponsor $2,878,779 during fiscal year 2009 for these services.

In addition, in accordance with the current service contract, the Academy will remit an amount not to exceed $2,000 per pupil enrolled in the Academy during the respective academic years for the following management services: marketing support; insurance coverage; human resource services; payroll processing; use of the Sponsor's name and goodwill; printing services; professional consulting related to curriculum, instruction, special education, finances, employee relations and legal issues; professional development and training; and, instructional materials. The Academy paid the Sponsor $1,219,854 during fiscal year 2009 for these services.

All personnel providing services to the Academy on behalf of the Sponsor under the service contract are considered employees of the Sponsor. All of the Academy's personnel services were provided by the Sponsor during the 2009 fiscal year.

Note 6 – Agreement with the Akron City School District (Continued)

For the fiscal year ended June 30, 2009, the Academy paid the Sponsor the following expenses:

Operating Expenses	Amounts
Purchased Services	
Professional and Technical Services	$4,096,243
Communications	367
Contracted Craft or Trade Services	158
Supplies and Materials	1,525
Other	340
Total Operating Expenses	$4,098,633

Note 7 – Defined Benefit Pension Plans

A. School Employees Retirement System

Plan Description The Sponsor contributes to the School Employees Retirement System of Ohio ("SERS"), a cost-sharing, multiple-employer defined benefit pension plan for the personnel provided to the Academy. SERS provides retirement, disability, and survivor benefits; annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly-available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website, www.ohsers.org, under Employers/Audit Resources.

Funding Policy Plan members are required to contribute 10 percent of their annual covered salary, and the Sponsor is required to contribute at an actuarially determined rate. The current Sponsor rate is 14 percent of annual covered payroll. A portion of the Sponsor's contributions is used to fund pension and death benefits with the remainder being used to fund health care benefits and Medicare Part B benefits; for fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension and death benefits. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The Sponsor's required contributions for pension and death benefits to SERS for the personnel provided to the Academy for the fiscal years ended June 30, 2009, 2008 and 2007 were $64,204, $53,129 and $44,517, respectively; 66.90 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System

Plan Description The Sponsor participates in the State Teachers Retirement System of Ohio ("STRS Ohio"), a cost-sharing, multiple-employer defined benefit pension plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. Authority to establish and amend benefits is provided by Chapter 3307 of the Ohio Revised Code. STRS Ohio issues a publicly-available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling toll free (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

Note 7 – Defined Benefit Pension Plans (Continued)

B. State Teachers Retirement System (Continued)

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salaries. The Sponsor was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations with the remainder being used to fund health care benefits. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The Sponsor's required contributions for pension obligations to STRS Ohio for the DB Plan for the personnel provided to the Academy for the fiscal years ended June 30, 2009, 2008, and 2007 were \$207,003, \$195,555, and \$145,913, respectively; 85.74 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. There were no contributions to the DC and Combined Plans for fiscal year 2009 by the Sponsor for the personnel provided to the Academy or made by the plan members.

Note 8 - Postemployment Benefits Other Than Pension

A. State Teachers Retirement System

Plan Description The Sponsor contributes to the cost-sharing, multiple-employer defined benefit Health Plan administered by STRS Ohio for eligible, certificated retirees and their beneficiaries who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. Benefit provisions and the obligations to contribute are established by STRS Ohio based on authority granted by State statute. The Plan is included in the financial report of STRS Ohio. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting www.strsoh.org or by requesting a copy by calling toll-free 1-888-227-7877.

Funding Policy Ohio law authorizes STRS Ohio to offer the Health Plan and gives the STRS Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The Sponsor's contributions for health care for the personnel provided to the Academy for the fiscal years ended June 30, 2009, 2008 and 2007 were $15,923, $15,043 and $11,224, respectively; 85.74 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. School Employees Retirement System

Plan Description In addition to a cost-sharing, multiple-employer defined benefit pension plan, SERS administers two postemployment benefit plans for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage and traditional indemnity plans as well as a prescription drug program. The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by SERS based on authority granted by State statute. The financial reports of both plans are included in the SERS Comprehensive Annual Financial Report. That report may be obtained by writing to SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website, www.ohsers.org, under Employers/Audit Resources.

Funding Policy State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation of statutorily required benefits, the SERS Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code Section 105(e). For fiscal year 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for fiscal year 2009, this amount was $35,800.

Active employee members do not contribute to the Health Care Fund. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The Sponsor's contributions for health care for the personnel provided to the Academy for the fiscal years ended June 30, 2009, 2008 and 2007 were $43,490, $38,352 and $32,854 respectively; 66.90 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

Note 8 - Postemployment Benefits Other Than Pension (Continued)

B. School Employees Retirement System (Continued)

The SERS Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2009, the actuarially required allocation was 0.75% of covered payroll. The Sponsor's contributions for Medicare Part B for the personnel provided to the Academy for the fiscal year ended June 30, 2009, 2008 and 2007 were $5,297, $3,828 and $3,027, respectively; 66.90 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

Note 9 – Capital Leases

Capital lease obligations relate to a scanner for the Academy. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases." Capital assets acquired by an interest-free lease have been originally capitalized in the amount of $23,790.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2009:

Fiscal Year Ending June 30,	Principal Payments
2010	$4,758
2011	4,758
2012	2,775
Total	$12,291

Note 10 – Operating Leases

The Academy leases facilities space, copiers and a postage meter under noncancelable operating leases. Total costs for such leases were $157,810 for the fiscal year ended June 30, 2009. The future minimum lease payments for these leases are as follows:

Fiscal Year Ending June 30,	Amount
2010	$162,466
2011	26,003
2012	24,792
2013	12,396
Total	$225,657

Note 11 - Contingencies

Grants

The Academy received financial assistance from federal and State agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Academy. However, in the opinion of management, any disallowed claims will not have a material adverse effect on the overall financial position of the Academy at June 30, 2009.

Note 12 – Federal Tax-Exempt Status

The Academy is a nonprofit corporation that has been determined by the Internal Revenue Service to be exempt from federal income taxes as a public charity under Section 501(c)(3) of the Internal Revenue Code.

Note 13 – Related-Party Transaction

The Academy Director’s wife was hired as a consultant for programming and software support. The Academy paid her $55,161 for these consulting services during fiscal year 2009.

AKRON DIGITAL ACADEMY
SUMMIT COUNTY

FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2009

Federal Grantor/ Pass Through Grantor/ Program Title	Grant Year	Federal CFDA Number	Receipts	Expenditures
U.S. DEPARTMENT OF EDUCATION				
Passed Through the Ohio Department of Education:				
Special Education - Grants to States	2009	84.027	$69,926	$82,953
	2008		84,701	42,379
			154,627	125,332
Title I Grants to Local Educational Agencies	2009	84.010	168,137	331,554
	2008		202,706	88,705
			370,843	420,259
State Grants for Innovative Programs	2009	84.298	37	
	2008		439	
			476	0
Safe and Drug-Free Schools and Communities-State Grants	2009	84.186	2,235	3,590
Education Technology State Grants	2009	84.318	2,827	6,759
	2008		2,961	
			5,788	6,759
Improving Teacher Quality State Grants	2009	84.367	1,761	440
			20,443	615
			22,204	1,055
Total Passed through the Ohio Department of Education			556,173	556,995
Total U.S. Department of Education			**$556,173**	**$556,995**

The accompanying notes to this schedule are an integral part of this schedule.

NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2009

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) summarizes activity of the Academy's federal award programs. The Schedule has been prepared on the cash basis of accounting.

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*

Akron Digital Academy
Summit County
335 South Main Street
Akron, Ohio 44308

To the Board of Directors:

We have audited the financial statements of the Akron Digital Academy, Summit County, Ohio, (the Academy) a component unit of the Akron City School District (the District) as of and for the year ended June 30, 2009, and have issued our report thereon dated December 8, 2009. 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 opinions on the financial statements, but not to opine on the effectiveness of the Academy's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Academy's internal control over financial reporting.

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

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

Our consideration of 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 internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

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

We did note a certain noncompliance or other matter that we reported to the Academy's management in a separate letter dated December 8, 2009.

We intend this report solely for the information and use of management, the Board of Directors, federal awarding agencies, pass-through entities and Akron City School District. We intend it for no one other than these specified parties.

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 8, 2009

Mary Taylor, CPA
Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Akron Digital Academy
Summit County
335 South Main Street
Akron, Ohio 44308

To the Board of Directors:

Compliance

We have audited the compliance of the Akron Digital Academy, Summit County, Ohio, (the Academy) a component unit of the Akron City School District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to its major federal program for the year ended June 30, 2009. The summary of auditor's results section of the accompanying Schedule of Findings identifies the Academy's major federal program. The Academy's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program. Our responsibility is to express an opinion on the Academy's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Academy's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Academy's compliance with those requirements.

In our opinion, the Akron Digital Academy complied, in all material respects, with the requirements referred to above applying to its major federal program for the year ended June 30, 2009.

In a separate letter to the Academy's management dated December 8, 2009, we reported an other matter related to federal noncompliance not requiring inclusion in this report.

101 Central Plaza South / 700 Chase Tower / Canton, OH 44702-1509
Telephone: (330) 438-0617 (800) 443-9272 Fax: (330) 471-0001
www.auditor.state.oh.us

Internal Control Over Compliance

The Academy's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Academy's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control over compliance.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Academy's ability to administer a federal program such that there is more than a remote likelihood that the Academy's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that the Academy's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of management, the Board of Directors, federal awarding agencies, pass-through entities and Akron City School District. It is not intended for anyone other than these specified parties.

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 8, 2009

AKRON DIGITAL ACADEMY
SUMMIT COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2009

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unqualified
(d)(1)(ii)	**Were there any material control weakness conditions reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any other 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)?**	No
(d)(1)(iv)	**Were there any material internal control weaknesses reported for major federal programs?**	No
(d)(1)(iv)	**Were there any other significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unqualified
(d)(1)(vi)	**Are there any reportable findings under § .510?**	No
(d)(1)(vii)	**Major Programs (list):**	Title 1 Grants to Local Educational Agencies (CFDA 84.010)
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $300,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee?**	No

SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2009

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***
2008-001	**Ohio Rev. Code Section 117.28** - a Finding for Recovery for public money illegally expended in the amount of $844.12.	Yes	Finding repaid in full.
2008-002	**Akron City Schools Bylaws and Policies Section 7530.01 - Staff Use of Cellular Telephones**	Yes	Finding no longer valid.
2008-003	**26 C.F.R. Section 1.61-21** requires fringe benefits to be included in an employee's gross income.	Yes	Finding no longer valid.
2008-004	**20 USC 6315 (Title 1, Section 1115 of ESEA)** - requires Title funds to provide service and benefits to eligible children. The Digital Academy was unable to document the eligibility of fifteen students who were served under Title 1, which equated to $26,260.65 of known questioned cost and projected questioned cost of 60% of the total expenditures from this grant which equated to $248,499.	Yes	Finding no longer valid.

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Akron Digital Academy
Summit County
335 South Main Street
Akron, Ohio 44308

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 Akron 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 January 24, 2005 and was most recently revised on July 28, 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 shall include 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;

(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 of Directors and the Academy's Sponsor, and is not intended to be and should not be used by anyone other than these specified parties.

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 8, 2009

Mary Taylor, CPA
Auditor of State

AKRON DIGITAL ACADEMY

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
DECEMBER 31, 2009

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