



**Mary Taylor, CPA**  
Auditor of State



TRECA DIGITAL ACADEMY  
MARION COUNTY

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Directors:

We have audited the accompanying basic financial statements of the TRECA Digital Academy, Marion County, Ohio (the Academy), a component unit of Tri-Rivers Educational Computer Association, as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the Academy's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 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.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board 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 also not a required part of the basic financial statements. We subjected the federal awards receipts and expenditures 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.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

September 28, 2009

**TRECA DIGITAL ACADEMY  
MARION COUNTY**

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

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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, 2009. 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 1,535 students in fiscal year 2009. TDA continues to contract with Tri-Rivers Educational Computer Association (TRECA), 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 assets and the statement of revenues, expenses, and change in net assets reflect how TDA did financially during fiscal year 2009. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

These statements report TDA's net assets and the change in those assets. This change in net assets 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 assets for fiscal year 2009 and fiscal year 2008:

	2009	2008	Change
<b>Table 1 Net Assets</b>			
<u>Assets:</u>			
Current and Other Assets	\$401,659	\$113,050	\$288,609
Capital Assets, Net	3,106	4,720	(1,614)
Total Assets	<u>\$404,765</u>	<u>\$117,770</u>	<u>\$286,995</u>
 <u>Net Assets:</u>			
Invested in Capital Assets	\$3,106	\$4,720	(\$1,614)
Unrestricted	401,659	113,050	288,609
Total Net Assets	<u>\$404,765</u>	<u>\$117,770</u>	<u>\$286,995</u>

**TRECA DIGITAL ACADEMY  
MARION COUNTY**

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

A review of the above table demonstrates some significant changes from the prior fiscal year. Current and other assets, in this case intergovernmental receivables, increased because monies for fiscal year 2009 were not received within the fiscal year. In addition, there was an increase in funding for the Title I and Part-B Idea grant programs.

Table 2 reflects the change in net assets for fiscal year 2009 and fiscal year 2008.

Table 2  
Change in Net Assets

	2009	2008	Change
<u>Operating Revenues:</u>			
Foundation	\$10,053,659	\$9,202,556	\$851,103
Other	0	4,120	(4,120)
<u>Non-Operating Revenues:</u>			
Operating Grants	938,681	371,186	567,495
Interest Revenue	1,334	5,068	(3,734)
Total Revenues	<u>10,993,674</u>	<u>9,582,930</u>	<u>1,410,744</u>
<u>Operating Expenses:</u>			
Purchased Services	10,705,065	9,871,910	(833,155)
Depreciation	1,614	2,402	788
Total Expenses	<u>10,706,679</u>	<u>9,874,312</u>	<u>(832,367)</u>
Total Increase (Decrease) in Net Assets	286,995	(291,382)	578,377
Net Assets at Beginning of Year	<u>117,770</u>	<u>409,152</u>	<u>(291,382)</u>
Net Assets at End of Year	<u><u>\$404,765</u></u>	<u><u>\$117,770</u></u>	<u><u>\$286,995</u></u>

Fiscal year 2009 is similar to fiscal year 2008 in that the largest portion of TDA's revenue is from State foundation resources (91 percent in fiscal year 2009). There was an increase in State foundation revenues in fiscal year 2009 due to an increase in student enrollment. Operating grants increased due to increases in Title I and Part-B Idea funding.

Because there was an increase in State foundation funding, there was a similar increase in purchased services. TDA's contract with TRECA provides for the payment of 100 percent of base formula funds and additional funds, including operating grants, received to be paid to TRECA.



**TRECA DIGITAL ACADEMY  
MARION COUNTY**

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

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**Budgeting**

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

**Capital Assets**

At the end of fiscal year 2009, TDA had \$3,106 invested in capital assets (net of accumulated depreciation). For further information regarding TDA's capital assets, refer to Note 5 to the basic financial statements.

**Current Issues**

TRECA Digital Academy continues to be a great educational alternative for students throughout the State of Ohio. Our education opportunities are continually expanding. We are also continuing to expand our partnerships with public school districts throughout the State. The use of technology, such as the I-Pod, has had, and will continue to have, a great impact on the education of students at TDA. An example of this would be the development of a health and wellness program using the I-Pod.

TRECA Digital Academy is working to expand student enrollment by refining its educational delivery system or by customizing each student's educational plan.

**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 Scott Armstrong, Treasurer, TRECA Digital Academy, 100 Executive Drive, Marion, Ohio 43302.

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**TRECA DIGITAL ACADEMY  
MARION COUNTY**

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

Assets:

Current Assets:

Cash and Cash Equivalents	\$55,896
Intergovernmental Receivable	345,763
Total Current Assets	<u>401,659</u>

Non-Current Assets:

Depreciable Capital Assets, Net	3,106
Total Assets	<u><u>\$404,765</u></u>

Net Assets:

Invested in Capital Assets	\$3,106
Unrestricted	401,659
Total Net Assets	<u><u>\$404,765</u></u>

See Accompanying Notes to Basic Financial Statements

**TRECA DIGITAL ACADEMY  
MARION COUNTY**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

<u>Operating Revenues:</u>	
Foundation	<u>\$10,053,659</u>
<u>Operating Expenses:</u>	
Purchased Services	10,705,065
Depreciation	<u>1,614</u>
Total Operating Expenses	<u>10,706,679</u>
Operating Loss	<u>(653,020)</u>
<u>Non-Operating Revenues</u>	
Operating Grants	938,681
Interest Revenue	<u>1,334</u>
Total Non-Operating Revenues	<u>940,015</u>
Change in Net Assets	286,995
Net Assets at Beginning of Year	<u>117,770</u>
Net Assets at End of Year	<u><u>\$404,765</u></u>

See Accompanying Notes to the Basic Financial Statements

**TRECA DIGITAL ACADEMY  
MARION 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	\$10,070,996
Cash Payments for Goods and Services	<u>(10,705,065)</u>
Net Cash Used for Operating Activities	(634,069)

Cash Flows from Noncapital Financing Activities:

Cash Received from Operating Grants	634,068
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Cash Flows from Investing Activities:

Cash Received from Interest	<u>1,334</u>
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Net Increase in Cash and Cash Equivalents	1,333
Cash and Cash Equivalents at Beginning of Year	<u>54,563</u>
Cash and Cash Equivalents at End of Year	<u><u>\$55,896</u></u>

Reconciliation of Operating Loss

to Net Cash Used for Operating Activities:

Operating Loss	(\$653,020)
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Adjustments to Reconcile Operating Loss

to Net Cash Used for Operating Activities:

Depreciation	1,614
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Changes in Assets and Liabilities:

Decrease in Intergovernmental Receivable	<u>17,337</u>
Net Cash Used for Operating Activities	<u><u>(\$634,069)</u></u>

See Accompanying Notes to the Basic Financial Statements

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**TRECA DIGITAL ACADEMY  
MARION COUNTY**

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

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**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), with Tri-Rivers Educational Computer Association (TRECA) serving as the Governing Authority for a five year period commencing on July 30, 2001. A successor contract was entered into on October 19, 2005, effective through fiscal year 2010. The Sponsor is responsible for evaluating the performance of TDA and has the authority to deny renewal of the contract at its expiration. The Governing Authority is responsible for the operations of TDA.

TDA operates under the direction of a nine-member Board of Directors made up of area school district superintendents. The Board of Directors consists of members of the Governing Authority (TRECA), and TRECA can impose its will upon TDA; therefore, TDA is a component unit of TRECA. 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. TRECA, under a contractual agreement, provides instructional staff and support faculty to TDA. TDA provides services to 1,535 students.

TRECA is an association of public school districts within the boundaries of Crawford, Delaware, Fairfield, Franklin, Hamilton, Knox, Licking, 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 TRECA consists of eight representatives from the participating 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. TDA also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. TDA does not apply Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989. Following are the more significant of the TDA's accounting policies.

**TRECA DIGITAL ACADEMY  
MARION COUNTY**

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

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

**A. Basis of Presentation**

TDA's basic financial statements consist of a statement of net assets; a statement of revenues, expenses, and change in net assets; 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 assets, 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 assets. The statement of revenues, expenses, and change in net assets presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets. 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. Expenses are recognized at the time they are incurred.

**D. Budgetary Process**

Unlike other public schools located in the State of Ohio, community schools are not required to follow the budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided by 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 assets. 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 2009, TDA had no investments.



**TRECA DIGITAL ACADEMY  
MARION COUNTY**

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

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

**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. Furniture is depreciated over ten years and computers are depreciated over three to ten years.

**G. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consists of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by TDA or 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 which both restricted and unrestricted net assets are available. TDA did not have any restricted net assets 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.

**Note 3 - Deposits**

At fiscal year end, the carrying amount of TDA's deposits was \$55,896 and the bank balance was \$55,896. The entire bank balance was covered by federal depository insurance.

**TRECA DIGITAL ACADEMY  
MARION COUNTY**

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

**Note 4 - Receivables**

At June 30, 2009, TDA had intergovernmental receivables, in the amount of \$345,763. The receivables are expected to be collected within one year.

	Amount
Idea Part - B	\$203,296
Title I	110,583
Title V	1,843
Safe and Drug Free Schools	6,651
Title II-A	18,455
Title II-D Tech	4,935
Total Intergovernmental Receivables	\$345,763

**Note 5 - Capital Assets**

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

	Balance at 6/30/08	Additions	Reductions	Balance at 6/30/09
Depreciable Capital Assets				
Furniture and Equipment	\$120,115	\$0	(\$52,228)	\$67,887
Less Accumulated Depreciation	(115,395)	(1,614)	52,228	(64,781)
Capital Assets, Net	\$4,720	(\$1,614)	\$0	\$3,106

**Note 6 - Fiscal Agent**

The Comprehensive Service Agreement between TDA and TRECA, adopted September 1, 2001, establishes the services of the Treasurer to be included in those supplied by TRECA to TDA. A successor agreement was entered into on February 24, 2009, effective through fiscal year 2010. Furthermore, the sponsorship agreement states the Treasurer of the Governing Authority shall serve as the Treasurer of TDA.

The Treasurer of the Governing Authority 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.

**TRECA DIGITAL ACADEMY  
MARION COUNTY**

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

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**Note 7 - Contract with TRECA**

On February 24, 2009, TDA renewed into a contract with TRECA for management consulting services. Under the contract, the following terms were agreed upon:

1. TRECA 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 TRECA under the agreement shall be employees of TRECA and TRECA shall be solely responsible for all payroll functions, including retirement system contributions, and all other legal withholding and/or payroll taxes with respect to such personnel. All shall possess any certification or licensure which may be required by law.
3. The technical services provided by TRECA 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 TRECA's June 30, 2009 audited financial statements, please contact Scott Armstrong, Treasurer, at [scott@treca.org](mailto:scott@treca.org).

**Note 8 - Related Party Transactions**

The nine-member board of TDA consists of members of the Governing Authority (TRECA) and TRECA has the ability to impose its will upon TDA. This makes TDA a component unit of TRECA. As part of TDA's contractual agreement dated February 24, 2009, with TRECA for fiscal year 2009, TDA is required to pay TRECA the following fees:

1. Annual Fee - If and at such times as agreed to by the parties, TDA shall pay an annual fee to TRECA for curriculum and program development, teacher training, and marketing services associated with TDA.
2. Ongoing Fees - On an ongoing basis, TDA shall pay TRECA 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 TRECA funds received by TDA from grants or other sources for services provided by TRECA, provided TRECA'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 TRECA in fiscal year 2009 were \$10,705,065. This consists of the \$10,070,996 in base formula funds and \$634,069 in fees for which TDA obtained grant monies.

**TRECA DIGITAL ACADEMY  
MARION COUNTY**

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

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**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, 2009.

**B. Litigation**

TDA is party to legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending projects. As this pending lawsuit is still in an early stage, TDA is unable to determine the impact the disposition of this case may have on its financial condition as of the date of the financial statements.

**C. Full Time Equivalency**

The Ohio Department of Education 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. This information was not available as of the date of this report. TDA does not anticipate any material adjustments for fiscal year 2009 as a result of such review.

**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. TRECA contracted with Ohio School Plan to provide property and general liability insurance for TDA.

**TRECA DIGITAL ACADEMY  
MARION COUNTY**

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

<b><u>FEDERAL GRANTOR</u></b>	Federal		
Pass Through Grantor	CFDA		
<u>Program Title</u>	<u>Number</u>	<u>Receipts</u>	<u>Disbursements</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
<i>Passed Through the Ohio Department of Education:</i>			
Special Education Grants to States	84.027	\$ 298,502	\$ 239,384
Title I Grants to Local Educational Agencies	84.010	306,781	270,243
State Grants for Innovative Programs	84.298	102	-
Improving Teacher Quality State Grants	84.367	14,993	17,284
Safe and Drug-Free Schools and Communities State Grants	84.186	6,037	8,064
Education Technology State Grants	84.318	<u>223</u>	<u>-</u>
<b>TOTAL FEDERAL AWARDS RECEIPTS AND EXPENDITURES</b>		<b><u><u>\$ 626,638</u></u></b>	<b><u><u>\$ 534,975</u></u></b>

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

**TRECA DIGITAL ACADEMY  
MARION COUNTY**

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

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the TRECA Digital Academy's (the Academy's) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

**NOTE 2 – TRANSFERS**

The Academy generally must spend Federal assistance within 15 months of receipt (funds must be obligated by June 30<sup>th</sup> and spent by September 30<sup>th</sup>). However, with the Ohio Department of Education's (ODE's) approval, an Academy can transfer unspent Federal assistance to the succeeding year, thus allowing the Academy a total of 27 months to spend the assistance. The Academy can document this by using special cost centers for each year's activity, and transferring the amounts ODE approves between the cost centers. During fiscal year 2009, ODE authorized the following transfers:

<u>CFDA #</u>	<u>Program Title</u>	<u>Grant Year</u>	<u>Transfers Out</u>	<u>Transfers In</u>
84.027	Special Education Grants to States	2008	\$199,801	
84.027	Special Education Grants to States	2009		\$199,801
84.010	Title I Grants to Local Educational Agencies	2008	\$5,186	
84.010	Title I Grants to Local Educational Agencies	2009		\$5,186
84.298	State Grants for Innovative Programs	2008	\$1,637	
84.298	State Grants for Innovative Programs	2009		\$1,637
84.367	Improving Teacher Quality State Grants	2008	\$3,706	
84.367	Improving Teacher Quality State Grants	2009		\$3,706
84.186	Safe & Drug Free Schools and Communities State Grants	2008	\$2,859	
84.186	Safe & Drug Free Schools and Communities State Grants	2009		\$2,859
84.318	Education Technology State Grants	2008	\$2,229	
84.318	Education Technology State Grants	2009		\$2,229



# 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*

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

To the Board of Directors:

We have audited the basic financial statements of the TRECA Digital Academy, Marion County, Ohio (the Academy), a component unit of the Tri-Rivers Educational Computer Association, as of and for the year ended June 30, 2009, and have issued our report thereon dated September 28, 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 opinion on the financial statements, but not to opine on the effectiveness of the Academy's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Academy's internal control over financial reporting.

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

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

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

### **Compliance and Other Matters**

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

We intend this report solely for the information and use of the audit committee, management, the Board of Directors, the Academy's sponsor Tri-Rivers Joint Vocational School District, federal awarding agencies, and pass-through entities. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

September 28, 2009





# Mary Taylor, CPA

Auditor of State

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

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

To the Board of Directors:

### Compliance

We have audited the compliance of the TRECA Digital Academy, Marion County, Ohio (the Academy), a component unit of the Tri-Rivers Educational Computer Association, 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 each 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, TRECA Digital Academy, Marion County, Ohio, complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2009.

### 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 a significant deficiency, or combination of significant deficiencies, that results 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.

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 that might be significant deficiencies or material weaknesses. 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 the audit committee, management, the Board of Directors, the Academy's sponsor Tri-Rivers Joint Vocational School District, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

September 28, 2009

**TRECA DIGITAL ACADEMY  
MARION COUNTY**

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

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	CFDA #84.027 – Special Education Grants to States
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

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

None.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on October 27, 2008.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
  - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
  - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
  - (3) A procedure for reporting prohibited incidents;
  - (4) A procedure for documenting any prohibited incident that is reported;
  - (5) A procedure for responding to and investigating any reported incident;
  - (6) 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;

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[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

3. We read the policy, noting it did not include the following requirements from Ohio Rev. Code Section 3313.666(B):
- (1) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
  - (2) 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;
  - (3) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
  - (4) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

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

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



**Mary Taylor, CPA**  
Auditor of State

September 28, 2009



**Mary Taylor, CPA**  
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  
DECEMBER 1, 2009**