



Dave Yost • Auditor of State



QUAKER DIGITAL ACADEMY  
TUSCARAWAS COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Quaker Digital Academy  
Tuscarawas County  
248 Front Avenue, SW  
New Philadelphia, Ohio 44663

To the Board of Directors:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the Quaker Digital Academy, Tuscarawas County, Ohio (the Academy), a component unit of the New Philadelphia City School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Quaker Digital Academy, Tuscarawas County, Ohio, as of June 30, 2013, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

Columbus, Ohio

February 4, 2014

**Quaker Digital Academy**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*

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The discussion and analysis of the Quaker Digital Academy's (the "Academy") financial performance provides an overall review of the Academy's financial activities for the fiscal years ended June 30, 2013 and 2012. 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.

The Management's Discussion and Analysis (the "MD & A") is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 "Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments" issued in June of 1999.

**Financial Highlights**

Key financial highlights for fiscal year ended June 30, 2013 are as follows:

- Net position totaled \$2,463,588, an increase of \$477,671 over fiscal year 2012.
- Total assets were \$2,620,616, an increase of \$433,160 from fiscal year 2012.
- Liabilities totaled \$157,028, a decrease of \$44,511 from fiscal year 2012.
- Operating revenues equaled \$3,581,504 and non-operating revenues were \$367,661.
- Operating expenses amounted to \$3,471,494.

Key financial highlights for fiscal year ended June 30, 2012 are as follows:

- Net position totaled \$1,985,917, an increase of \$317,973 over fiscal year 2011.
- Total assets were \$2,187,456, an increase of \$311,355 from fiscal year 2011.
- Liabilities totaled \$201,539, a decrease of \$6,618 from fiscal year 2011.
- Operating revenues equaled \$2,904,004 and non-operating revenues were \$448,626.
- Operating expenses amounted to \$3,034,657.

**Using this Annual Report**

This annual report consists of the MD & A, the basic financial statements and the notes to the basic financial statements. The basic financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows.

**Quaker Digital Academy**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position answer the question, "How did we do financially during fiscal year 2013 and 2012?" The Statement of Net Position 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.

Table 1 provides a summary of the Academy's net position for fiscal year 2013 and 2012 as follows:

Table I  
 Net Position at June 30,

	2013	2012
<b>Assets</b>		
Current assets	\$2,620,616	\$2,187,456
<b>Liabilities</b>		
Current Liabilities	157,028	201,539
<b>Net Position</b>		
Net Investment in Capital Assets	37,054	37,054
Restricted	89,722	57,322
Unrestricted	2,336,812	1,891,541
<b>Total Net Position</b>	\$2,463,588	\$1,985,917

Total assets of \$2,620,616 in 2013 and \$2,187,456 in 2012 consisted almost entirely of cash.

Total liabilities of \$157,028 consisted of accounts payable, intergovernmental payable and accrued wages and benefits in 2013 and \$201,539 in 2012 were made up of the same categories.

The net impact was an increase in net position of \$477,671 for 2013 and an increase of \$317,973 for 2012.



**Quaker Digital Academy**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*

Table 2 shows the changes in net position for the fiscal year ended June 30, 2013 and 2012, as well as a listing of revenues and expenses.

Table 2  
Change in Net Position

	2013	2012
<b>Operating Revenues</b>		
Foundation Payments	\$3,506,338	\$2,858,195
Miscellaneous	75,166	45,809
<b>Non-Operating Revenues</b>		
Grants - Federal	364,339	444,935
Investment Income	3,322	3,691
<b>Total Revenues</b>	3,904,654	3,352,630
<b>Operating Expenses</b>		
Instruction:		
Regular	1,381,216	1,017,065
Special	495,010	419,923
Vocational	0	1,650
Other	2,755	4,876
Support Services:		
Pupil	7,325	6,895
Instructional staff	71,838	34,110
Board of Education	6,018	1,557
Administration	1,046,422	1,183,174
Fiscal	294,631	234,262
Operation and Maintenance of Plant	166,279	130,999
Pupil Transportation	0	158
<b>Total Operating Expenses</b>	3,471,494	3,034,657
<i>Increase in Net Position</i>	477,671	317,973
<i>Net Position at Beginning of Year</i>	1,985,917	1,667,944
<i>Net Position at End of Year</i>	\$2,463,588	\$1,985,917

**Quaker Digital Academy**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*

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The Academy's activities consist of enterprise activity. Community schools receive no support from taxes. The State Foundation Program and the Federal Title Grant Programs are, by far, the primary support for the Academy's students.

**For the Future**

The Academy began fiscal year 2013 with the various vendors providing most of its instructional services. The Academy will be working towards providing administrative and fiscal services through the New Philadelphia City School District (the "Sponsor"). As the Academy takes on increasingly more of the administrative, and fiscal services through its Sponsor, its costs should be more effectively monitored and adjusted, as necessary. However, management still must diligently plan expenses, staying carefully within the Academy's five-year plan.

The Academy has entered into a service contract for fiscal year 2014 with its Sponsor. In agreement with the past contract, the Academy will purchase the following services from its Sponsor: personnel to administer and oversee the governance of the Academy, hourly staff to provide support services to the Academy, EMIS data transmission, insurance, and consulting. The total amount of these services will not exceed \$400,000 for fiscal year 2014.

In addition, the Academy expects student enrollment for fiscal year 2014 to increase, and the Academy anticipates the student enrollment to continue growing in fiscal years after fiscal year 2014 until it reaches its ceiling. This growth will result in payments from the State School Foundation Program to increase substantially.

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 Steven D. Sherer, Treasurer, at Quaker Digital Academy, 248 Front Avenue SW, New Philadelphia, Ohio 44663 or email at sherers@npschools.org.

**Quaker Digital Academy**  
*Statement of Net Position*  
*June 30, 2013*

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**Assets:**

**Current Assets**

Equity in Pooled Cash and Cash Equivalents	\$2,528,997
Receivables:	
Intergovernmental	60,361
Accrued Interest	359
Capital Assets	
Other Depreciable Capital Assets Net	<u>30,899</u>

*Total Assets* 2,620,616

**Liabilities:**

**Current Liabilities**

Accounts Payable	67,556
Accrued Wages and Benefits	57,378
Intergovernmental Payable	<u>32,094</u>

*Total Liabilities* 157,028

**Net Position**

Net Investment in Capital Assets	37,054
Restricted for Other Purposes	89,722
Unrestricted	<u>2,336,812</u>

*Total Net Position* \$2,463,588

See accompanying notes to the basic financial statements

**Quaker Digital Academy**  
*Statement of Revenues,  
Expenses and Changes in Net Position  
For the Fiscal Year Ended June 30, 2013*

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**Operating Revenues**

Foundation Payments	\$3,506,338
Miscellaneous	75,166
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<i>Total Operating Revenues</i>	<i>3,581,504</i>

**Operating Expenses**

Instruction:	
Regular	1,381,216
Special	495,010
Other	2,755
Support Services:	
Pupil	7,325
Instructional staff	71,838
Board of Education	6,018
Administration	1,046,422
Fiscal	294,631
Operation and Maintenance of Plant	166,279
	<hr/>
<i>Total Operating Expenses</i>	<i>3,471,494</i>

<i>Operating Income</i>	<i>110,010</i>
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**Non-Operating Revenues**

Grants	364,339
Investment Income	3,322
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<i>Total Non-Operating Revenues</i>	<i>367,661</i>

<i>Change in Net Position</i>	<i>477,671</i>
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<i>Net Position Beginning of Year</i>	<i>1,985,917</i>
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<i>Net Position End of Year</i>	<i>\$2,463,588</i>
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See accompanying notes to the basic financial statements

**Quaker Digital Academy**  
*Statement of Cash Flows*  
*For the Fiscal Year Ended June 30, 2013*

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**Increase (Decrease) in Cash and Cash Equivalents**

**Cash Flows from Operating Activities**

Cash Received from Foundation Payments	\$3,506,338
Cash Received for Services	75,166
Cash Payments to Employees For Services	(1,594,432)
Cash Payments for Goods and Services	<u>(1,917,868)</u>

*Net Cash Provided by Operating Activities* 69,204

**Cash Flows from Noncapital Financing Activities**

Grants Received	327,799
Investment Revenue	<u>3,649</u>

*Net Cash Provided by Noncapital Financing Activities* 331,448

*Net Increase in Cash and Cash Equivalents* 400,652

*Cash and Cash Equivalents Beginning of Year* 2,128,345

*Cash and Cash Equivalents End of Year* \$2,528,997

**Reconciliation of Operating Loss to Net Cash  
Provided (Used) by Operating Activities**

Operating Income \$110,010

Adjustments:

Depreciation	3,705
Increase (Decrease) in Liabilities:	
Accounts payable	(37,754)
Accrued wages and benefits	5,524
Intergovernmental payable	<u>(12,281)</u>

*Net Cash Provided by Operating Activities* \$69,204

See accompanying notes to the basic financial statements

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**Quaker Digital Academy**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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**Note 1 – Description of the Academy and Reporting Entity**

The Quaker 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 New Philadelphia 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, 2003. The Academy began operations on January 15, 2004. The Sponsor renewed the contract for an additional five years on May 18, 2008 and again on December 17, 2012. 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. The Academy leases space from the Sponsor in the Sponsor’s Administration Building.

The Academy operates under the direction of a five-member Board of Directors appointed by the Sponsor. 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.

A service contract for fiscal period of July 1, 2012 to June 30, 2013 between the Academy and the Sponsor was approved. In agreement with this contract, the Academy purchased the following services from the Sponsor: part-time personnel to administer and oversee the instruction and governance of the Academy, hourly staff to provide support to the Academy, and marketing support. The Academy paid the Sponsor \$390,000 during fiscal year 2013 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, and the Sponsor shall be solely responsible for all payroll functions.

All of the Academy’s other personnel services, which provided services to over 900 students, were paid through the Academy’s payroll during fiscal year 2013.

Reporting Entity – A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure the financial statements are not misleading. The primary government of the Academy consists of all funds, departments, boards and agencies that are not legally separate from the Academy.

Component units are legally separate organizations for which the Academy is financially accountable. Component units may also include organizations that fiscally dependent on the Academy in that the Academy approves their budget, the issuance of their debt or the levying of their taxes. The Academy has

**Quaker Digital Academy**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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not component units; however, the Academy is a component unit of the New Philadelphia City School District.

The Academy is associated with one jointly governed organization, the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA). This organization is presented in Note 12 to the financial statements.

**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 the enterprise 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 enterprise 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.

**A. Basis of Presentation**

The Academy's basic financial statements consist of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows.

Enterprise reporting focuses on the determination of the change in net position, 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 position. The Statement of Revenues, Expenses and Changes in Net Position 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



**Quaker Digital Academy**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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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 expenditure 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 other 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. 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.

***E. Net Position***

Net position represents the difference between assets and liabilities. Net position 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 other governments. The Academy applies restricted resources first when an expense is incurred for purposes for which are both restricted and unrestricted.

***F. Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activities. For the Academy, the principal operating 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.

***G. 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.

***H. Accrued Liabilities***

All payables and accrued liabilities are reported in the financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

**Quaker Digital Academy**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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***I. 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.

***J. Cash and cash equivalents***

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the Academy are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

***K. Capital Assets***

Capital assets are reported in the Statement of Net Position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Academy maintains a capitalization threshold of five hundred 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. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land Improvements	40 years
Buildings and Improvements	10 - 40 years
Furniture and Equipment	5 - 20 years
Vehicles	10 years

***L. Implementation of New Accounting Policies***

In the fiscal year ended June 30, 2013, the Academy has implemented Governmental Accounting Standard Board (GASB) Statement No. 60, "Accounting and Financial Reporting for Service concession arrangements", GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34", GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements", and GASB

**Quaker Digital Academy**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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Statement No. 63, “*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.*” The implementation of GASB Statement No. 63 did not have an effect on the financial statement of the Academy.

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements (SCAs) which are a type of public-private or public-public partnership. The implementation of GASB statement No. 60 did not have an effect on the financial statement of the Academy.

GASB Statement No. 61 improves guidance for including, presenting and disclosing information about component units and equity interest transactions of a financial reporting entity. The implementation of GASB Statement No. 61 did not have an effect on the financial statement of the Academy.

GASB Statement No. 62 incorporated into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The implementation of GASB Statement No. 61 did not have an effect on the financial statement of the Academy.

GASB Statement No.63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. It also amends the net asset reporting requirements in GASB Statement No. 34 by incorporating deferred outflows and inflows into the definitions and renaming the residual measure as net position, rather than net assets.

### **Note 3 – Deposits and Investments**

State statutes classify monies held by the Academy into three categories.

Active deposits are public deposits necessary to meet current demands upon the Academy treasury. Active must be maintained either as cash in the Academy Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive monies are public deposits that the Board of Directors has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim monies must be evidenced by time certificates of deposit or by savings or deposit accounts including passbook accounts.

Interim monies are to be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;

**Quaker Digital Academy**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio and STAR Plus);
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; provided training requirements under the Ohio Revised Code have been met,

Protection of Academy's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by company surety bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Academy, and must be purchased with the expectation it will be held to maturity. Investments may only be made through specified dealers and institutions.

**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 year end, \$6,471 of the Academy bank balance of \$273,545 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institutions trust department or agent, but not in the Academy name. The carrying amount of the Academy's deposits at year end were \$229,722.

The Academy has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires the deposits be either insured or be protected by eligible securities pledged to and deposited with

**Quaker Digital Academy**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

the Academy or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred and five percent of the deposits being secured.

**Investments:** As of June 30, 2013, the Academy had the following Investments:

	<u>Carrying Value</u>	<u>Maturity</u>
Repurchase Agreement	\$2,299,261	Daily
Total Portfolio	\$2,299,261	

Interest rates risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Academy investment policy addresses interest risk by requiring the Academy investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments. Repurchase agreements shall not exceed 30 days.

STAR Ohio carries a rating of AAAM by Standard and Poor's. The Academy has no investment policy dealing with investment credit risk beyond the requirement of State statute. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Academy will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The repurchase agreement is exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counter party. The Academy has no investment policy dealing with investment custodial risk beyond the requirements of ORC 135.14(M)(2) which states, "Payment for investments shall be made upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Concentration of Credit Risk: The Academy places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Academy at June 30, 2013.

<u>Investment Type</u>	<u>Fair Value</u>	<u>% Total</u>
Repurchase Agreement	\$ 2,299,261	100.00

**Quaker Digital Academy**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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**Note 4 – Risk Management**

**A. Property and Liability**

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 2013 the Academy purchased its own insurance for property, liability, and inland marine coverage.

Buildings and Contents - replacement cost (\$1,000 deductible)	\$50,000
Electronic data Processing (\$1000 deductible)	530,000
Automobile Liability (\$250/\$500 deductible)	1,000,000
Uninsured Motorists (\$0 deductible)	1,000,000
General Liability	
Per occurrence	1,000,000
Total per year	3,000,000

Settled claims have not exceeded this coverage in any of the past three years. There was no significant reduction in insurance coverage from the prior year.

**B. Employee Medical Benefits**

The New Philadelphia City School District (the School District), the sponsor for the Academy is a member of the Portage Area School Consortium (the Consortium). The Consortium is a regional council of governments established pursuant to Chapter 167 of the Ohio revised code, consisting of various school districts in the Portage County Ohio area. The Consortium is a stand-alone entity, comprised of two stand-alone pools: the Portage Area School Consortium Property and Casualty Pool and the Portage Area Consortium Health and Welfare Insurance pool. These pools were established by the consortium on August 5, 1988 to provide property and casualty risk management services and risk sharing to its members. The pools were established as local government risk pools under Section 1744.081 of the Ohio Revised Code and are not subject to federal tax filing requirements.

Beginning July 1, 2009, the School District is a member of the Portage Area School Consortium Health and Welfare Insurance Pool (the Consortium), a shared risk pool (See Note 19), through which a cooperative Health Benefit Program was created for the benefit of its members. The Health Benefit Program (the Program) is an employee health benefit plan which covers the participating members' employees. The Consortium acts as a fiscal agent for the cash funds paid into the program by the participating School Districts. These funds are pooled together for the purposes of paying health benefit claims of employees and their covered dependents, administrative expenses of the program and premiums for stop-loss insurance coverage. A reserve exists which is to cover any unpaid claims if the School District were to withdraw from the pool. If the reserve would not cover such claims, the School District would be liable for any costs above the reserve.

**Quaker Digital Academy**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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As of June 30, 2013, the Academy was contracted with the School District to provide health insurance benefits to its employees. The Academy paid \$71,092 for health insurance benefits.

**Note 5 – Agreements with the Curriculum Service Providers**

The Academy entered into agreements with the BYU, Rosetta Stone, Calvert, Apex Learning, Plato Learning and NNDS Management Foundation for the providing of curriculum, web based classes and textbook materials for the 2012-13 school year.

All personnel providing services to the Academy from these service providers are considered employees of the service provider.

Payments are made to the provider based on the number of students enrolled in their programs. For the 2012-13 school year the Academy paid, \$168,723 to Calvert, \$14,240 to Rosetta Stone, \$8,942, to BYU, \$11,341 to Apex Learning, \$82,890 to Plato Learning and \$454,090 to NNDS Management Foundation.

**Note 6 – Contingencies**

**A. 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, 2013.

**B. State Foundation Funding**

The Ohio Department of Education conducts reviews of enrollment data and full time equivalency (FTE) calculations made by 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 Academy was reviewed during the 2004 fiscal year of operations and zero errors were found in enrollment, withdrawals and attendance. The Academy does not anticipate any significant adjustments to state funding for fiscal years 2005 through 2013.

**Note 7 – Personnel Agreement**

The Academy entered into a service contract for fiscal year 2013 with its Sponsor for the following services: personnel to administer and oversee the instruction and governance of the Academy, hourly personnel and staff to provide services and support to the Academy, marketing support, EMIS data transmission, insurance, and consulting. The total amount paid for these services was \$390,000.

**Quaker Digital Academy**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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**Note 8 – Purchased Services**

For the fiscal year ended June 30, 2013, purchased services expenses were as follows:

Professional and Technical Services	\$1,609,970
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**Note 9 - Defined Benefit Pension Plans**

**A. School Employee Retirement System**

Plan Description - The Academy contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability 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 the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employees are established and may be amended, up to statutory maximum amounts, by SERS' Retirement board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit fund, Medicare B Fund, and Health care fund) of the System. For fiscal year ending June 30, 2013, the allocation to pension and death benefits is 13.10%, the remaining 0.90% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The Academy's required contributions for pension obligations to SERS for the fiscal year ended June 30, 2013, 2012 and 2011 were \$34,128, \$26,208 and \$25,202 of which 60 percent has been contributed for year 2013 and 100 percent for years 2012 and 2011.

**B. State Teachers Retirement System**

Plan Description - The Academy participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

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



**Quaker Digital Academy**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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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, 2013, plan members were required to contribute 10 percent of their annual covered salaries. The Academy was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. 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 Academy's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012 and 2011 were \$151,030, \$100,134 and \$ 80,060; of which 86.5 percent has been contributed for year 2013 and 100 percent for 2012 and 2011. Contributions to the DC and Combined Plans for fiscal year 2013 were \$151,030 made by the Academy and \$107,878 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2013, there are no employees contributing to Social Security. The contribution rate is 6.2 percent of wages.

**Note 10 - Postemployment Benefits**

**A. School Employee Retirement System**

Plan Description – The Academy participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System 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 and traditional indemnity plans as well as a prescription drug program.

**Medicare Part B Plan**

The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium.

**Quaker Digital Academy**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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The Medicare Part B monthly premium for calendar year 2013 was \$104.90 for most participants but could be as high as \$335.70 per month depending on their income. SERS reimbursement for retirees was \$45.50

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2013, this actuarially required allocation was 0.74 percent of covered payroll. The Academy's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$1,804, \$1,404 and \$1,368 respectively; 58 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

**Health Care Plan**

ORC 3309.375 and 3309.69 permit SERS to fund the health care benefits to eligible retirees and beneficiaries SERS' Retirement Board reserves the right to change or discontinue and health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to postemployment benefit plans.

The Health Care Fund was established under, and is administrated in accordance with Internal Revenue Code §105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. For the year ended June 30, 2013, the health care allocation is .16%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. State law provides that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2013, the minimum compensation level was established at \$20,525. The surcharge, added to the unallocated portion of 14% employer contribution rate is the total assigned to the Health Care Fund. The Academy's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$390, \$1,029 and \$3,147 respectively; 58 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its Comprehensive Annual Financial Report. The report can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

**B. State Teachers Retirement System**

Plan Description – The Academy contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees 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. The Plan is included in the report of STRS Ohio which may be obtained by visiting

**Quaker Digital Academy**  
Notes to the Basic Financial Statements  
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[www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the 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 Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The Academy’s contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$10,787, \$7,152 and \$6,158 respectively; 83.3 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

**Note 11 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance 6/30/2012	Additions	Deductions	Balance 6/30/2013
<b>Governmental Activities</b>				
Furniture and Equipment	\$12,554	\$0	\$0	\$12,554
Vehicles	24,500	0	0	24,500
Totals at Historical Cost	\$37,054	\$0	\$0	\$37,054
Less Accumulated Depreciation:				
Furniture and Equipment	\$0	(\$1,255)	\$0	(\$1,255)
Vehicles	(\$2,450)	(\$2,450)	\$0	(4,900)
Total Accumulated Depreciation	(\$2,450)	(\$3,605)	\$0	(\$6,155)
Governmental Activities Capital Assets, Net	\$34,604	(\$3,605)	\$0	\$30,899

\* Depreciation expense was charged to governmental functions as follows:

Administration	\$3,605
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**Quaker Digital Academy**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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**Note 12 - Jointly Governed Organizations**

Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) is a jointly governed organization created as a regional council of governments pursuant to State statutes. OME-RESA provides financial accounting services, an educational management information system, cooperative purchase services and legal services to member districts. OME-RESA has eleven participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Jefferson, Muskingum, Monroe, Noble, and Tuscarawas Counties. OME-RESA operates under the direction of a Board consisting of one representative from each of the participating school districts. The Jefferson County Educational Service Center office serves as the fiscal agent and receives funding from the State Department of Education. The continued existence of OME-RESA is not dependent on the Academy's continued participation and no equity interest exists. OME-RESA has no outstanding debt. To obtain financial information write to the Ohio Mid-Eastern Regional Educational Service Agency, Karen Blake, who serves as Treasurer, Steubenville, Ohio 43952. During fiscal year 2013, the Academy paid \$22,706 to OME-RESA for various services.



# Dave Yost • Auditor of State

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

Quaker Digital Academy  
Tuscarawas County  
248 Front Avenue SW  
New Philadelphia, Ohio 44663

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the business type activities of the Quaker Digital Academy, Tuscarawas County, Ohio (the Academy), a component unit of the New Philadelphia City School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated February 4, 2014.

### ***Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***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, opining on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

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

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

February 4, 2014



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON APPLYING AGREED-UPON PROCEDURE

Quaker Digital Academy  
Tuscarawas County  
248 Front Avenue SW  
New Philadelphia, OH 44663

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 procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether the Quaker Digital Academy, Tuscarawas County, Ohio, has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board amended its anti-harassment policy at its meeting on July 11, 2012 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

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.

A handwritten signature in black ink that reads "Dave Yost".

**Dave Yost**  
Auditor of State

Columbus, Ohio

February 4, 2014

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# Dave Yost • Auditor of State

**QUAKER DIGITAL ACADEMY**

**TUSCARAWAS 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  
MARCH 11, 2014**