



Dave Yost • Auditor of State

RIVER VALLEY ACADEMY
MARION COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

River Valley Academy
Marion County County
197 Brocklesby Road
Caledonia, Ohio 43314

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying basic financial statements of the River Valley Academy, Marion County, Ohio (the Academy), a component unit of the River Valley Local School District, as of and for the period of July 1, 2012 through February 14, 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 the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the River Valley Academy, Marion County, Ohio, as of February 14, 2013, and the changes in financial position and its cash flows for the period then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 10 of the financial statements, the Academy formally ceased operations on February 14, 2013. Our opinion is not modified with respect to this matter.

As described in Note 3 of the financial statements, in the period July 1, 2012 through February 14, 2013, the Academy adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 69, *Government Combinations and Disposals of Government Operation*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 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

January 24, 2014

**RIVER VALLEY ACADEMY
MARION COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE PERIOD JULY 1, 2012 THROUGH FEBRUARY 14, 2013
UNAUDITED**

The discussion and analysis of River Valley Academy's (RVA) financial performance provides an overall review of RVA's financial activities for the period July 1, 2012 through February 14, 2013. Readers should also review the basic financial statements and notes to enhance their understanding of RVA's financial performance.

Highlights

The River Valley Academy (RVA) began its first year of operation in fiscal year 2005 with the main program offered for high school students. This program was called the RISE program, Reaching Individual Students Everyday. In fiscal year 2006, RVA added a middle school program which was called the After School Assistance Program (ASAP). In fiscal year 2007, RVA added an elementary program, the STARS program, Striving to Accelerate RV students.

On February 14, 2013, the River Valley Board of Education closed the operations of RVA.

Using the Basic Financial Statements

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

The statement of net position and the statement of revenues, expenses, and change in net position reflect how RVA did financially during the period July 1, 2012 through June 30, 2013. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal years' revenues and expenses regardless of when cash is received or paid.

These statements report RVA's net position and change in net position. This change in net position is important because it tells the reader whether the financial position of RVA 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 RVA's net position for the period July 1, 2012 through February 14, 2013 and fiscal year 2012:

	Table 1 Net Position		
	2013	2012	Change
<u>Assets:</u>			
Current Assets	\$76,691	\$79,084	(\$2,393)
Capital Assets, Net	0	39,277	(39,277)
Total Assets	76,691	118,361	(41,670)
<u>Liabilities:</u>			
Current Liabilities	76,691	0	76,691
<u>Net Position:</u>			
Net Investment in Capital Assets	0	39,277	(39,277)
Unrestricted	0	79,084	(79,084)
Total Net Position	\$0	\$118,361	(\$118,361)

**RIVER VALLEY ACADEMY
MARION COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE PERIOD JULY 1, 2012 THROUGH FEBRUARY 14, 2013
UNAUDITED**

RVA suspended operations since fiscal year 2010 and closed during fiscal year 2013.

Table 2 reflects the change in net position for the period July 1, 2012 through February 14, 2013 and fiscal year 2012:

Table 2 Change in Net Position			
	2013	2012	Change
<u>Operating Revenues:</u>	\$0	\$0	\$0
<u>Operating Expenses:</u>			
Depreciation	5,823	9,285	3,462
Other Operating Expenses	2,393	2,648	255
Total Expenses	8,216	11,933	3,717
Operating Loss	(8,216)	(11,933)	3,717
<u>Non-Operating Expenses:</u>			
Loss on Disposal of Capital Assets	(14,086)	0	(14,086)
Special Item	(96,059)	0	(96,059)
Decrease in Net Position	(118,361)	(11,933)	(106,428)
Net Position at Beginning of Year	118,361	130,294	(11,933)
Net Position at End of Year	\$0	\$118,361	(\$118,361)

RVA suspended operations since fiscal year 2010 and closed during fiscal year 2013. The resources spent during the period July 1, 2012 through February 14, 2013 were primarily related to audit associated costs and bank charges. The special item represents costs related to its closing (see Note 10).

Budgeting

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

Capital Assets

RVA's remaining capital assets will be disposed of through the community school closure process established by the Ohio Department of Education. The remaining book value of capital assets, in the amount of \$19,368, is included in the special item reported on the statement of revenues, expenses, and change in net position.

Current Issues

On February 14, 2013, the River Valley Board of Education approved a resolution to close RVA, informed the Ohio Department of Education of its closing, and proceeded with closing RVA.

**RIVER VALLEY ACADEMY
MARION COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE PERIOD JULY 1, 2012 THROUGH FEBRUARY 14, 2013
UNAUDITED**

Contacting RVA's Financial Management

This financial report is designed to provide citizens, taxpayers, investors, and creditors with a general overview of RVA's finances and to reflect RVA'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 Sharon Malcom, Treasurer, River Valley Local Schools, 197 Brocklesby Road, Caledonia, Ohio 43314.

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RIVER VALLEY ACADEMY
MARION COUNTY

STATEMENT OF NET POSITION
FEBRUARY 14, 2013

<u>Assets:</u>	
<u>Current Assets:</u>	
Cash and Cash Equivalents	\$ 76,691
<u>Liabilities:</u>	
<u>Current Liabilities:</u>	
Accounts Payable	2,000
Intergovernmental Payable	74,691
Total Liabilities	76,691
<u>Net Position:</u>	
Total Net Position	\$ -

See Accompanying Notes to Basic Financial Statements

RIVER VALLEY ACADEMY
MARION COUNTY

STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
FOR THE PERIOD JULY 1, 2012 THROUGH FEBRUARY 14, 2013

<u>Operating Revenues:</u>	<u>\$ -</u>
<u>Operating Expenses:</u>	
Depreciation	5,823
Other Operating Expenses	<u>2,393</u>
Total Operating Expenses	<u>8,216</u>
Operating Loss	(8,216)
<u>Non-Operating Expenses:</u>	
Loss on Disposal of Capital Assets	(14,086)
Special Item	<u>(96,059)</u>
Change in Net Position	(118,361)
Net Position at Beginning of Year	<u>118,361</u>
Net Position at End of Year	<u><u>\$ -</u></u>

See Accompanying Notes to the Basic Financial Statements

RIVER VALLEY ACADEMY
MARION COUNTY

STATEMENT OF CASH FLOWS
FOR THE PERIOD JULY 1, 2012 THROUGH FEBRUARY 14, 2013

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities:

Cash Payments for Other Expenses \$ (2,393)

Cash and Cash Equivalents at Beginning of Year 79,084

Cash and Cash Equivalents at End of Year \$ 76,691

Reconciliation of Operating Loss

to Net Cash Used for Operating Activities:

Operating Loss \$ (8,216)

Adjustments to Reconcile Operating Loss

to Net Cash Used for Operating Activities:

Depreciation 5,823

Net Cash Used for Operating Activities \$ (2,393)

See Accompanying Notes to the Basic Financial Statements

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**RIVER VALLEY ACADEMY
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE PERIOD JULY 1, 2012 THROUGH FEBRUARY 14, 2013**

Note 1 - Description of the School

River Valley Academy (RVA) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. RVA is an approved tax-exempt organization under Sections 501(c)(3) and 170(c)(1) 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 RVA's tax exempt status. RVA's objective is to enhance and facilitate student learning by combining state-of-the-art digital curriculum and instruction with access to local school resources that complement that instruction and prepare students to become lifelong learners and productive citizens. RVA is 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. RVA, which is part of the State's education program, is nonsectarian in its programs, admissions policies, employment practices, and all other operations. RVA may acquire facilities as needed and contract for any services necessary for the operation of the school.

RVA was approved for operation under a contract with the River Valley Local School District (the Sponsor) for a five-year period commencing on the first day of the 2008 academic year. The Sponsor is responsible for evaluating the performance of RVA and has the authority to deny renewal of the contract at its expiration. The Sponsor is also the fiscal agent of RVA with the Treasurer of the Sponsor performing the role of Treasurer for RVA.

RVA was established to operate under the direction of a five-member Board of Directors made up of community members within the area served by RVA. The Board is appointed by the River Valley Board of Education. The Board of Directors is responsible for carrying out the provisions of the contract which include, but are not limited to, helping create, approve, and monitor the annual budget; developing policies to guide the operation of RVA; securing funding; and maintaining a commitment to the vision, mission, and belief statements of RVA. Generally RVA purchases planning, design, implementation, instruction, administration, and technical services for RVA from the Tri-Rivers Educational Computer Association (TRECA). However, for the period July 1, 2012 through February 14, 2013, RVA suspended operations and was closed on February 14, 2013; therefore, no services were purchased from TRECA. RVA was a component unit of the River Valley Local School District.

Note 2 - Summary of Significant Accounting Policies

The basic financial statements of RVA have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following are the more significant of RVA's accounting policies.

A. Basis of Presentation

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

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

**RIVER VALLEY ACADEMY
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE PERIOD JULY 1, 2012 THROUGH FEBRUARY 14, 2013
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

B. Measurement Focus

RVA is accounted for using a flow of economic resources measurement focus. All assets and liabilities associated with the operation of RVA are included on the statement of net position. The statement of revenues, expenses, and change in net position presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position. The statement of cash flows reflects how RVA 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. RVA'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, is recorded when the exchange takes place. Revenues resulting from nonexchange transactions, in which RVA 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 RVA must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to RVA on a reimbursement basis. Expenses are recognized at the time they are incurred.

D. Budgetary Process

Unlike other public schools located in the State of Ohio, community schools are not required to follow the budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided by the community school's contract with its Sponsor. The contract between RVA and its Sponsor requires a budget be prepared and reviewed on a regular basis.

E. Cash and Cash Equivalents

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

F. Capital Assets

All capital assets are capitalized at cost and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their fair market value on the date donated. RVA maintains a capitalization threshold of one thousand dollars. RVA 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. Capital assets, currently consisting of equipment, are depreciated over five to thirty years.

**RIVER VALLEY ACADEMY
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE PERIOD JULY 1, 2012 THROUGH FEBRUARY 14, 2013
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

G. Net Position

Net position represents the difference between all other elements on the statement of net position. Net investment in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. RVA first applies restricted resources when an expense is incurred for which both restricted and unrestricted net position is available.

H. Operating Revenues and Expenses

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

J. Special Item

Special items are transactions or events that are within the control of RVA or the Sponsor and that are either unusual in nature or infrequent in occurrence. At February 14, 2013, RVA is reporting a special item representing costs relating to the closure of RVA. See Note 10 for further details.

Note 3 - Change in Accounting Principals

For the period July 1, 2012 through February 14, 2013, RVA has implemented Governmental Accounting Standards Board (GASB) Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", Statement No. 61, "The Financial Reporting Entity: Omnibus", " Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements", Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", Statement No. 65, "Items Previously Reported as Assets and Liabilities", and Statement No. 66, "Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62".

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements which are a type of public-public or public-private partnership. The implementation of this statement did not result in any change to RVA's financial statements.

**RIVER VALLEY ACADEMY
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE PERIOD JULY 1, 2012 THROUGH FEBRUARY 14, 2013
(Continued)**

Note 3 - Change in Accounting Principals (continued)

GASB Statement No. 61 modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity and the financial reporting entity display and disclosure requirements. The implementation of this statement did not result in any change to RVA's financial statements.

GASB Statement No. 62 incorporates into GASB's authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change to RVA's financial statements.

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in the statement of financial position and related note disclosures. These changes were incorporated in RVA's financial statements for this reporting period; however, there was no effect on beginning net position.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets or liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets or liabilities as inflows of resources (revenues) or outflows of resources (expenses or expenditures). These changes were incorporated in RVA's financial statements for this reporting period; however, there was no effect on beginning net position.

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and, thereby, enhance the usefulness of the financial reports. The implementation of this statement did not result in any change to RVA's financial statements.

GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in the statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The implementation of this statement did not result in any change to net position as previously stated but is incorporated in the accompanying financial statements as it relates to the closing of RVA.

Note 4 - Capital Assets

Capital asset activity for the period July 1, 2012 through February 14, 2013, was as follows:

	Balance at 6/30/12	Additions	Reductions	Balance at 2/14/13
Depreciable Capital Assets				
Equipment	\$143,035	\$0	(\$143,035)	\$0
Less Accumulated Depreciation	(103,758)	(5,823)	109,581	0
Capital Assets, Net	<u>\$39,277</u>	<u>(\$5,823)</u>	<u>(\$33,454)</u>	<u>\$0</u>

Due to the closing of RVA, the remaining balance of capital assets, net in the amount of \$19,368 was removed from the statement of net position and shown as a special item use on the statement of revenues, expenses, and changes in net position.

**RIVER VALLEY ACADEMY
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE PERIOD JULY 1, 2012 THROUGH FEBRUARY 14, 2013
(Continued)**

Note 5 - Risk Management

RVA 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 this period, RVA obtained the following insurance coverage through the River Valley Local School District's insurance policy.

Coverage provided by the Ohio School Plan is as follows:

General Liability	
Per Occurrence	\$5,000,000
Aggregate	7,000,000

Settled claims have not exceeded this commercial coverage for the past three fiscal years.

Note 6 - Fiscal Agent

The sponsorship agreement states the Treasurer of the River Valley Local School District shall serve as the fiscal officer of RVA and perform the following functions:

- A. Maintain the financial records of RVA 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 RVA; and
- C. Comply with the requirements and procedures for financial audits by the Auditor of the State.

Note 7 - Contracts with TRECA

In prior years, RVA entered into two contracts with the Tri-Rivers Educational Computer Association (TRECA). The first contract was for management consulting services. The second contract was for curricular and consulting services. Given that RVA suspended operations for fiscal year 2013 and closed on February 14, 2013, no new contracts had been adopted as of the date of these financial statements.

Note 8 - Related Party Transactions

RVA is a component unit of the Sponsor (River Valley Local School District). RVA and the River Valley Local School District entered into the original five-year sponsorship agreement on September 10, 2002, whereby terms of the sponsorship were established. This agreement was subsequently renewed. Pursuant to this agreement, River Valley Local School District's Treasurer served as the RVA's fiscal officer.

For the period July 1, 2012 through February 14, 2013, no payments were made by RVA to River Valley Local School District.

**RIVER VALLEY ACADEMY
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE PERIOD JULY 1, 2012 THROUGH FEBRUARY 14, 2013
(Continued)**

Note 9 - Litigation

On March 9, 2009, RVA received a letter from the Ohio Department of Education (ODE) summarizing results from a site visit performed over RVA on December 5, 2008. This site visit was conducted in response to complaints ODE had received regarding alleged co-mingling of students between RVA and River Valley Local School District. ODE further indicated, as part of this site visit, that a community school is a public, nonprofit, nonsectarian school that operates independently of any school district, but under contract with a sponsoring entity and that based on the results of the site visit, ODE cannot confirm that RVA met the definition of a community school.

ODE required RVA to immediately begin taking steps to come into full compliance as an independent community school as of August 1, 2009, or lose funding. RVA did not submit a corrective action plan and on August 12, 2009, the Board of Directors voted to suspend the operation of RVA for one year to allow time for RVA to develop and implement a corrective action plan. On July 22, 2010, the Board of Directors voted to maintain the suspension for undetermined period of time.

Note 10 - Status of Operations

On February 14, 2013, the River Valley Board of Education approved a resolution to permanently close RVA, informed the Ohio Department of Education of its closing, and proceeded with closing RVA.

RVA is reporting a special item representing costs related to its closing. Legal fees owed by RVA, in the amount of \$2,000, are reported as accounts payable on the statement of net position. The remaining cash, in the amount of \$74,691, reported as an intergovernmental payable on the statement of net position will be returned to the Ohio Department of Education (ODE). ODE will allocate the balance among all of the public schools that had students enrolled in RVA. Also, due to the closure of RVA, the remaining capital assets will be disposed of through the community school closure process set by ODE. The remaining cash, in the amount of \$76,691, and the remaining book value of capital assets, in the amount of \$19,368, totaled \$96,059. This amount is shown on the statement of revenues, expenses, and change in net position as a special item.



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

River Valley Academy
Marion County
197 Brocklesby Road
Caledonia, Ohio 43314

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 River Valley Academy, Marion County, Ohio (the Academy), a component unit of the River Valley Local School District, as of and for the period July 1, 2012 through February 14, 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 January 24, 2014, wherein we noted the Academy formally ceased operations on February 14, 2013. We also noted the Academy adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 69, *Government Combinations and Disposals of Government Operation*.

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

January 24, 2014



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

River Valley Academy
Marion County
197 Brocklesby Road
Caledonia, Ohio 43314

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 River Valley Academy (the Academy) 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 Academy did not amend its anti-harassment policy to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act";.

Ohio Rev. Code Section 3313.666 required the Academy to amend its policy by November 4, 2012.

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

This report is intended solely for the information and use of the Board of Directors and the River Valley Local School District 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

January 24, 2014

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Dave Yost • Auditor of State

RIVER VALLEY 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
MARCH 11, 2014**