



Mary Taylor, CPA
Auditor of State

RIVER VALLEY ACADEMY
MARION COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Directors:

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 year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the Academy's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

As more fully discussed in Note 9, the Academy suspended operations on August 12, 2009 for one year to allow time for the Academy to develop and implement a corrective action plan to come into full compliance as an independent community school as required by the Ohio Department of Education.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2010, on our consideration of the Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Mary Taylor, CPA
Auditor of State

February 17, 2010

River Valley Academy
 Marion County
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2009
 Unaudited

The discussion and analysis of River Valley Academy's (RVA) financial performance provides an overall review of RVA's financial activities for the fiscal year ended June 30, 2009. Readers should also review the basic financial statements and notes to enhance their understanding of RVA's financial performance.

Highlights

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

Using the Basic Financial Statements

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

The statement of net assets and the statement of revenues, expenses, and change in net assets reflect how RVA did financially during fiscal year 2009. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal years' revenues and expenses regardless of when cash is received or paid.

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

	Table 1 Net Assets		
	2009	2008	Change
<u>Assets:</u>			
Current Assets	\$113,223	\$267,564	(\$154,341)
Capital Assets, Net	69,166	84,542	(15,376)
Total Assets	182,389	352,106	(169,717)
<u>Liabilities:</u>			
Current Liabilities	6,871	219,767	212,896
<u>Net Assets:</u>			
Invested in Capital Assets	69,166	84,542	(15,376)
Unrestricted	106,352	47,797	58,555
Total Net Assets	\$175,518	\$132,339	\$43,179

River Valley Academy
Marion County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited
(Continued)

RVA had a significant decrease in current assets from the prior fiscal year. This was primarily due to a decrease in State foundation monies received during the fiscal year based on student enrollment. This resulted in less cash on hand at fiscal year end. RVA also had a decrease in current liabilities due to the absence of paying amounts due to the Sponsor after fiscal year end as was done in the prior year.

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

Table 2 Change in Net Assets			
	2009	2008	Change
<u>Operating Revenues:</u>			
Foundation	\$357,631	\$412,746	(\$55,115)
<u>Non-Operating Revenues:</u>			
Operating Grants	28,372	37,105	(8,733)
Total Revenues	386,003	449,851	(63,848)
<u>Operating Expenses:</u>			
Purchased Services	314,142	504,377	190,235
Materials and Supplies	4,099	40,353	36,254
Depreciation	18,620	18,348	(272)
Other Operating Expenses	5,963	4,235	(1,728)
Total Expenses	342,824	567,313	224,489
Increase (Decrease) in Nets Assets	43,179	(117,462)	160,641
Net Assets at Beginning of Year	132,339	249,801	(117,462)
Net Assets at End of Year	\$175,518	\$132,339	\$43,179

As mentioned previously, Foundation monies decreased due to enrollment. Purchased services expenses decreased in fiscal year 2009 because the Sponsor did not exercise the section of the charter that indicates that RVA will pay to the Sponsor at fiscal year end any amount of fund balance in excess of the agreed upon carryover balance for subsequent fiscal year operations.

Budgeting

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

Capital Assets

At the end of fiscal year 2009, RVA had \$69,166 invested in capital assets (net of accumulated depreciation). For further information regarding RVA's capital assets, refer to Note 3 to the basic financial statements.

River Valley Academy
Marion County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited
(Continued)

Current Issues

On March 22, 2007, the River Valley Board of Education voted to extend the sponsorship contract of RVA for a period of five years from July 1, 2007, through June 30, 2012. The sponsorship agreement was submitted to the Office of Community Schools and received by their office on June 25, 2007.

On August 12, 2009 the River Valley Board of Education voted to suspend the contract between the River Valley Local School District and RVA for one year to allow RVA to responsibly respond to the demands made by the Ohio Department of Education to operate independently from River Valley Local School District.

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 Academy, 197 Brocklesby Road, Caledonia, Ohio 43314.

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River Valley Academy
Marion County
Statement of Net Assets
June 30, 2009

Assets:

Current Assets:

Cash and Cash Equivalents	\$ 102,388
Intergovernmental Receivable	10,835
Total Current Assets	<u>113,223</u>

Non-Current Assets:

Depreciable Capital Assets, Net	69,166
Total Assets	<u>182,389</u>

Current Liabilities:

Accounts Payable	1,849
Intergovernmental Payable	5,022
Total Current Liabilities	<u>6,871</u>

Net Assets:

Invested in Capital Assets	69,166
Unrestricted	106,352
Total Net Assets	<u><u>\$ 175,518</u></u>

See Accompanying Notes to Basic Financial Statements

River Valley Academy
Marion County
Statement of Revenues, Expenses, and Change in Net Assets
For the Fiscal Year Ended June 30, 2009

<u>Operating Revenues:</u>	
Foundation	\$ 357,631
<u>Operating Expenses:</u>	
Purchased Services	314,142
Materials and Supplies	4,099
Depreciation	18,620
Other Operating Expenses	5,963
Total Operating Expenses	<u>342,824</u>
Operating Income	14,807
<u>Non-Operating Revenues:</u>	
Operating Grants	<u>28,372</u>
Change in Net Assets	43,179
Net Assets at Beginning of Year	132,339
Net Assets at End of Year	<u>\$ 175,518</u>

See Accompanying Notes to the Basic Financial Statements

River Valley Academy
Marion County
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2009

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities:

Cash Received from Foundation	\$ 370,600
Cash Payments for Services	(528,838)
Cash Payments for Supplies	(4,099)
Cash Payments for Other Expenses	(4,163)
Net Cash Used for Operating Activities	<u>(166,500)</u>

Cash Flows from Noncapital Financing Activities:

Cash Received from Operating Grants	18,751
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Cash Flows from Capital and Related Financing Activities:

Acquisition of Capital Assets	<u>(3,244)</u>
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Net Decrease in Cash and Cash Equivalents	(150,993)
Cash and Cash Equivalents at Beginning of Year	253,381
Cash and Cash Equivalents at End of Year	<u><u>\$ 102,388</u></u>

Reconciliation of Operating Income

to Net Cash Used for Operating Activities:

Operating Income	\$14,807
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Adjustments to Reconcile Operating Income

to Net Cash Used for Operating Activities:

Depreciation	18,620
Changes in Assets and Liabilities:	
Decrease in Intergovernmental Receivable	12,969
Decrease in Accounts Payable	(279)
Decrease in Due to Primary Government	(217,639)
Increase in Intergovernmental Payable	5,022
Net Cash Used for Operating Activities	<u><u>\$ (166,500)</u></u>

Non-Cash Non-Capital Financing Transaction

At June 30, 2009, there was an outstanding receivable for grant resources, in the amount of \$10,835.

See Accompanying Notes to the Basic Financial Statements

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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 operates 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. During fiscal year 2009, RVA purchased planning, design, implementation, instruction, administration, and technical services for RVA from the Tri-Rivers Educational Computer Association (TRECA).

RVA is 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. RVA also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. RVA does not apply Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989. Following are the more significant of RVA's accounting policies.

Note 2 - Summary of Significant Accounting Policies (continued)

A. Basis of Presentation

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

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 assets, financial position, and cash flows. Enterprise accounting may be used to account for any activity for which a fee is charged to external users for goods or services.

B. Measurement Focus

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 assets. The statement of revenues, expenses, and change in net assets presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets. The statement of cash flows reflects how 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 assets. Investments with an original maturity of three months or less at the time they are purchased are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months are reported as investments. During fiscal year 2009, RVA had no investments.

River Valley Academy
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009
(Continued)

Note 2 - Summary of Significant Accounting Policies (continued)

F. Capital Assets

All capital assets are capitalized at cost and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their fair market value on the date donated. 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.

G. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consists of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by RVA or 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 assets are 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 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.

Note 3 - Capital Assets

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

	<u>Balance at 6/30/08</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/09</u>
Depreciable Capital Assets				
Equipment	\$139,791	\$3,244	\$0	\$143,035
Less Accumulated Depreciation	(55,249)	(18,620)	0	(73,869)
Capital Assets, Net	<u>\$84,542</u>	<u>(\$15,376)</u>	<u>\$0</u>	<u>\$69,166</u>

River Valley Academy
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009
(Continued)

Note 4 - 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 fiscal year 2009, RVA obtained the following insurance coverage through the River Valley Local School District's insurance policy.

Coverage provided by Netherlands Insurance Company is as follows:

General Liability	
Per Occurrence	\$1,000,000
Aggregate	2,000,000

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

Note 5 - Fiscal Agent

The sponsorship agreement states the Treasurer of the River Valley Local School District shall serve as the fiscal officer of RVA.

The Treasurer of the River Valley Local School District shall perform the following functions while serving as the Treasurer of RVA:

- 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 6 - Contracts with TRECA

RVA entered into two contracts with the Tri-Rivers Educational Computer Association (TRECA). The first contract, a one-year contract for fiscal year 2009, was for management consulting services. Under this contract, the following terms were agreed upon:

1. TRECA shall provide instructional, supervisory/administrative, and technical services sufficient to substantially implement RVA's educational plan and RVA's assessment and accountability plan.
2. All personnel providing services to RVA on behalf of TRECA under the agreement shall be employees of TRECA and TRECA shall be solely responsible for all payroll functions, including retirement system contributions, and all other legal withholding and/or payroll taxes with respect to such personnel. All shall possess any certification or licensure which may be required by law.

River Valley Academy
Marion County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009
(Continued)

Note 6 - Contracts with TRECA (continued)

3. The technical services provided by TRECA to RVA shall include access to, and the use of, computer software, computer hardware, networking hardware, network services, and the services of technical support personnel necessary to implement the plan of operation.
4. RVA shall secure the services of an Executive Director, who shall be the chief operating officer, with primary responsibility for day-to-day operations of RVA.
5. Curricular services provided by TRECA shall be limited to the standardized curriculum developed by TRECA.
6. In exchange for the services and support (including equipment) provided by TRECA, RVA shall pay to TRECA \$3,875 per full-time student enrolled in RVA per year. Part-time students may be enrolled on such terms as are agreed to by the parties.

For fiscal year 2009, \$198,555 was paid to TRECA.

The second contract, a one-year contract for fiscal year 2009, was for curricular and consulting services. Under this contract, TRECA is to assist RVA with the development of an intensive program entitled RISE (Reaching Individual Students Every Day). RVA is to pay TRECA a mutually agreed upon amount for these services.

To obtain TRECA's June 30, 2009, audited financial statements, contact Scott Armstrong, Treasurer, at scott@treca.org.

Note 7 - 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 has subsequently been renewed. Pursuant to this agreement, River Valley Local School District's Treasurer serves as the RVA's fiscal officer.

In fiscal year 2009, payments made by RVA to River Valley Local School District were \$326,407. These represent payments of \$314,254 for administrative services provided by River Valley Local School District to RVA, \$790 for reimbursements for supplies and equipment purchases made by River Valley Local School District for RVA, and \$11,363 for student charges.

Note 8 - Contingencies

A. Grants

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

B. Litigation

There are currently no matters in litigation with the School District as a defendant.

C. Full Time Equivalency

The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by community schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which State foundation funding is calculated. The conclusions of this review could result in State funding being adjusted. This information was not available as of the date of this report. RVA does not anticipate any material adjustments for fiscal year 2009 as a result of such review.

Note 9 - Subsequent Event

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 that alleged the 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 for fiscal year 2010. 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.



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Directors:

We have audited the 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 year ended June 30, 2009, and have issued our report thereon dated February 17, 2010, wherein we noted the Academy suspended operations on August 12, 2009 for one year to develop and implement a corrective action plan to come into full compliance as an independent community school as required by the Ohio Department of Education. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Academy's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Academy's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Academy's internal control over financial reporting.

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

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

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

Compliance and Other Matters

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

We intend this report solely for the information and use of management, the Board of Directors, and the Academy's sponsor. We intend it for no one other than these specified parties.

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

Mary Taylor, CPA
Auditor of State

February 17, 2010



Mary Taylor, CPA

Auditor of State

Independent Accountants' Report on Applying Agreed-Upon Procedures

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

1. We noted the Board adopted an anti-harassment policy at its meeting on November 14, 2007.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - (3) A procedure for reporting prohibited incidents;
 - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
 - (6) A procedure for documenting any prohibited incident that is reported;
 - (7) A procedure for responding to and investigating any reported incident;

- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

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

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



Mary Taylor, CPA
Auditor of State

February 17, 2010



Mary Taylor, CPA
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
APRIL 13, 2010**