VALUE LEARNING AND TEACHING ACADEMY
HAMILTON COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2013

Dave Yost • Auditor of State

VALUE LEARNING AND TEACHING ACADEMY
HAMILTON COUNTY

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INDEPENDENT AUDITOR'S REPORT

Value Learning and Teaching Academy
Hamilton County
1100 Sycamore Street
Cincinnati, Ohio 45202

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Value Learning and Teaching Academy, Hamilton County, Ohio (the Academy), 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 the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Value Learning and Teaching Academy, Hamilton County, Ohio, as of June 30, 2013, and the changes in 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.

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www.ohioauditor.gov

Emphasis of Matter

As discussed in Note 16 and Note 17 to the financial statements, the Academy experienced significant financial difficulties. Effective August 1, 2014, the Academy closed.

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.

Supplementary and Other Information

Our audit was conducted to opine on the Academy's basic financial statements taken as a whole.

The Schedule of Federal Award Receipts and Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 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

August 21, 2014

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The discussion and analysis of VLT Academy (the Academy) financial performance provides an overall review of the Academy's financial activities for the fiscal year ended June 30, 2013. 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 notes to the basic financial statements to enhance their understanding of the Academy's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2013 are as follows:

- Net Position totaled $(121,773) at the close of the 2013 Fiscal Year's operations. The principal components are Invested Capital Assets and negative Unrestricted Surplus due to the excess of Current Liabilities over Current Assets.

- Total assets $952,851 consists of Depreciated Net Position, Cash in Bank, Security Deposit, and Intergovernmental Receivables.

- Total Liabilities $1,074,624 consist of Accrued Wages and Benefits and Trade Payables and non-current liabilities.

Using this Financial Report

This financial report contains the basic financial statements of the Academy, as well as the Management's Discussion and Analysis and notes to the basic financial statements. The basic financial statements include a Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows. As the Academy reports its operations using enterprise fund accounting, all financial transactions and accounts are reported as one activity. Therefore, the entity-wide and the fund presentation information is the same.

Statement of Net Position

The Statement of Net Position answers the question, "How did we do financially during the fiscal year?" This statement includes all assets and liabilities, both financial and capital, and short-term and long-term using the accrual basis of accounting and the economic resources focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid. This statement reports the Academy's Net Position, however, in evaluating the overall position and financial viability of the Academy, non-financial information such as the condition of the Academy buildings and potential changes in the laws governing charter schools in the State of Ohio will also need to be evaluated.

Table 1 provides a summary of the Academy's Net Position for fiscal year 2013 compared with fiscal year 2012.

Table 1

Net Position

	2013	2012
Assets:		
Current Assets	$ 419,080	$ 152,242
Non-Current Assets	533,771	633,833
Total Assets	952,851	786,075
Liabilities:		
Current Liabilities	763,106	810,912
Non-Current Liabilities	311,518	311,518
Total Liabilities	1,074,624	1,122,430
Net Position		
Invested in Capital Assets	473,713	573,775
Unrestricted	(595,486)	(910,130)
Total Net Position	$ (121,773)	$ (336,355)

Total Net Position of the Academy increased by $214,582 from prior fiscal year due to the increase in cash on hand and other assets at year end.

Table 2 shows the changes in Net Position for fiscal year 2013 compared to fiscal year 2012.

Table 2

Changes in Net Position

	2013	2012
Operating Revenues:		
Foundations Payments	$5,266,300	$5,729,398
Other	39,910	69,683
Non-Operating Revenues:		
Federal Grants and State Grants	2,462,510	2,947,608
Total Revenues	7,768,720	8,746,689
Operating Expenses:		
Salaries	3,430,062	3,859,260
Fringe Benefits	872,603	994,725
Purchased Services	2,607,066	3,227,683
Materials and Supplies	186,166	278,627
Depreciation Expense	206,969	215,000
Other Expenses	251,272	94,995
Non-Operating Expenses:	-	-
Total Expense	7,554,138	8,670,290
Change in Net Position	$ 214,582	$ 76,339
Net Position Beginning Year	(336,355)	(412,754)
Net Position at End of Year	$ (121,773)	$ (336,355)

Operating revenues decreased $492,871 during fiscal year 2013, due to increase in enrollment. Also, Non-Operating Revenues decreased $485,098 during fiscal year 2013 due to a decrease in grant funding.

Total expenses for the Academy decreased by $1,116,152 for fiscal year 2013 compared with fiscal year 2012. Decreases in expenditures were due in part to decrease in salaries and fringes benefits and other operating expenditures being offset by decreases in grant revenues.

Capital Assets

The Academy has $473,713 invested in capital assets net of accumulated depreciation. See Note 6 of the notes to the basic financial statements for more detail information on the Academy's capital assets

Current Financial Issues

V L T Academy, Hamilton County, Ohio (the Academy), was formed in 2005. During the 2012-2013 school year there were approximately 785 students enrolled in the Academy. The Academy receives its finances mostly from state aid and federal and state grants.

Contacting the Academy's Financial Management

This financial report is designed to provide a general overview of the Academy's finances and to show the Academy's accountability for the money it receives to all vested and interested parties, as well as meeting the annual reporting requirements of the State of Ohio. Any questions about the information contained within this report or requests for additional financial information should be directed to V L T Academy, 1100 Sycamore, Suite 300, Cincinnati, Ohio, 45202.

VALUE LEARNING AND TEACHING ACADEMY
HAMILTON COUNTY

STATEMENT OF NET POSITION
AS OF JUNE 30, 2013

Assets	
Current Assets	
Equity in pooled cash and cash equivalents	$ 155,187
Intergovernmental Receivables	263,893
Total Current Assets	419,080
Non-Current Assets	
Security Deposits	-
Security Deposits	60,058
Capital Assets (Net of Accumulated Depreciation)	473,713
Total Non-Current Assets	533,771
Total Assets	$ 952,851
Liabilities	
Current Liabilities	
Accounts Payable	224,361
Overdrawn Bank Balance	-
Accrued Wages Payable	360,556
Intergovernmental Payable	43,318
Compensated Absences Payable	-
Current Maturities of Long-Term Lease Payable	134,871
Total Current Liabilities	763,106
Non-Current Liabilities:	
Long-Term Lease Payable, Net of Current Maturities	53,400
Real Estate Taxes Payable	258,118
Total Non-Current Liabilities	311,518
Total Liabilities	1,074,624
Net Position	
Investment in Capital Assets (Net of Related Debt)	473,713
Restricted	-
Unrestricted	(595,486)
Total Net Position	$ (121,773)

See accompanying notes to the basic financial statements

VALUE LEARNING AND TEACHING ACADEMY
HAMILTON COUNTY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013

Operating Revenues:	
State Foundation Payments	$ 5,150,341
State Special Education Payments	115,959
Other Revenues	39,910
Total Operating Revenues	5,306,210
Operating Expenses	
Salaries	3,430,062
Fringe Benefits	872,603
Purchased Services	2,607,066
Materials and Supplies	186,166
Capital Outlay	-
Depreciation	206,969
Miscellaneous	251,272
Total Operating Expenses	7,554,138
Operating Loss	(2,247,928)
Non-Operating Revenues (Expenses)	
Federal and State Grants	2,082,567
Federal and State Meal Subsidies	379,943
Interest Income	-
Interest Expense	-
Total Non-Operating Revenues (Expenses)	2,462,510
Change in Net Position	214,582
Net Position at Beginning of Year	(336,355)
Net Position at End of Year	$ (121,773)

See accompanying notes to the basic financial statements

VALUE LEARNING AND TEACHING ACADEMY
HAMILTON COUNTY

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013

Increase / Decrease in Cash	
Cash Flows from Operating Activities	
Cash Received from State of Ohio	$ 5,266,300
Cash Received from Other Operating Sources	39,910
Cash Payments to Suppliers for Goods and Services	(2,883,466)
Cash Payments to Employees for Services & Benefits	(4,265,072)
Cash Payments for Other Operating Activities	(246,437)
Net Cash Used in Operating Activities	(2,088,765)
Cash Flows from Noncapital Financing Activities	
Cash Received from Grants - Federal and State Grants	2,272,099
Net Cash Provided by Noncapital Financing Activities	2,272,099
Cash Flows from Capital and Related Financing Activities	
Payments for Capital Acquistions	(106,907)
Net Cash Used in Capital Financing Activities	(106,907)
Net Increase in Cash	76,427
Cash, Beginning of Year	78,760
Cash, End of Year	$ 155,187
Reconciliation of Operating Loss to Net Cash Used in Operating Activities	
Operating Loss	(2,247,928)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities	
Depreciation	206,969
Changes in Assets and Liabilities	
Increase (Decrease) in Accounts Payable	(18,854)
Increase (Decrease) in Accrued Wages	(27,553)
(Decrease) in Intergovernmental Payable	(1,399)
Total Adjustments	159,163
Net Cash Used in Operating Activities	$ (2,088,765)

See accompanying notes to the basic financial statements

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1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

V L T Academy, Hamilton County, Ohio (the Academy), is a nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to address the needs of students in grades K through Twelve. The Academy, which is part of the State's education program, is independent of any school district and 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. V L T Academy is organized as a Non-Profit entity under Section 501c (3) of the Internal Revenue Code. The Academy was approved for operation under contract with the Educational Resources Corporation of Ohio (the Sponsor) for a period of five years commencing July 1, 2005. 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 operates under the direction of a minimum five-member Board of Directors. The Board of Directors is responsible for carrying out the provisions of the contract which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Academy have been prepared in Conformity with generally accepted accounting principles (GAAP) as applied to governmental nonprofit organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Academy's accounting policies are described below.

A. Basis of Presentation – Enterprise Accounting

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

The Academy uses enterprise accounting to maintain its financial records. Enterprise fund reporting focuses on the determination of the change in net position, financial position and cash flows.

Auditor of State of Ohio Bulletin No. 2000-005 requires the presentation of all financial activity to be reported within one enterprise fund for year-ending reporting purposes. Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprise where the intent is that the cost (expense) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

B. Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the statement of net position. Net position are segregated into investments in capital assets and unrestricted components.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The accrual basis of accounting is used for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. Budgetary Process

Community schools must adopt a spending plan under Ohio Revised Code, Section 5705.391 that requires annual appropriation and annual revenues estimates. The contract between the Academy and its sponsor, The Educational Resource Consultants of Ohio, require the academy to comply with a financial plan that details an estimated budget for each year of the contract.

D. Cash Deposits

All monies received by the Academy are maintained in a demand deposit account. Total cash for all funds is presented as “cash” on the accompanying statement of net position.

E. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make certain estimates and assumptions that affect the amount reported in the financial statements and accompanying notes. Actual results may differ from these estimates.

F. Capital Assets and Depreciation

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 capitalized Depreciation of furniture and equipment, food service equipment, and vehicles and capitalized leases is computed using the straight-line method over the estimated useful life of three to eight years.

Improvements (leasehold) to capital assets are depreciated over the remaining useful lives of the related capital assets.

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. Amount awarded under the above program for the 2013 fiscal year totaled $5,266,300.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when used is 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. Amount awarded under the above programs for the 2013 fiscal year totaled $2,462,510.

H. 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 enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Net position restricted for other purposes include resources restricted for required food service operations and federal and state grants restricted to expenditures for specified purposes.

The Academy applies restricted resources when expenses for purposes for which both restricted and unrestricted net position are available.

3. DEPOSITS

At June 30, 2013, the carrying amount of the Academy's deposits was $155,187. The bank balance was $255,524. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures" as of June 30, 2013, the Academy's bank balance was covered by the Federal Deposit Insurance Corporation.

4. RECEIVABLES

Receivables $263,893 at June 30, 2013 primarily consisted of intergovernmental (e.g. federal grants) receivables. All intergovernmental receivable are considered collectible in full, due to the stable condition of State programs, and the current year guarantee of federal funds.

Title I	$ 125,634
Special Education IDEA	27,623
Race to the Top	12,701
ARRA School Improvement	51,551
Non-ARRA School Improvement	39,340
SERS	7,044
Total Receivables	$263,893

5. SECURITY DEPOSIT

The lease stipulates that advance rent payments be made at the beginning of the lease that will be credited to the Academy's rental payment during the last year of the lease term. Accordingly, $50,029 was remitted for the 1100 Sycamore Street lease during the 2006 Fiscal Year. In August of 2006, the second and final advance rent installment of $10,029 was remitted to the Landlord.

6. CAPITAL ASSETS

A summary of the Academy's capital asset activity for the fiscal year ended June 30, 2013 follow:

Depreciable Capital Assets	Beginning Balance 7/1/2012	Additions	Retirements	Ending Balance 6/30/2013
Leasehold Improvements	$ 959,716	$ 4,803	$ -	$ 964,519
Furniture and Equipment	1,074,528	102,104	-	1,176,632
Vehicles	56,665	-	-	56,665
Depreciable Capital Assets	2,090,909	106,907	-	2,197,816
Accumulated Depreciation				
Leasehold Improvements	790,680	65,278	-	855,958
Furniture and Equipment	705,205	134,608	-	839,813
Vehicles	21,249	7,083	-	28,332
Total Depreciation	1,517,134	206,969	-	1,724,103
Net Capital Assets				
Leasehold Improvements	169,036	(60,475)	-	108,561
Furniture and Equipment	369,323	(32,504)	-	336,819
Vehicles	35,416	(7,083)	-	28,333
Total Net Capital Assets	$ 573,775	$ (100,062)	$ -	$ 473,713

7. 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. For fiscal year 2013, the Academy contracted with Wells Fargo Insurance Agency for property and general liability insurance. General Liability, provided by Wells Fargo Insurance Company contains a $1,000,000 single occurrence limit and a $1,000,000 aggregate and $10,000,000 Umbrella. There is a $2,500 deductible.

B. Workers Compensation

The Academy pays the State Workers Compensation System a premium for employee injury coverage. The premium is calculated by multiplying the total gross payroll by a factor that is calculated by the State.

8. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

Plan Description **-** The Academy contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits; annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per 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 can be obtained on SERS' website at www.ohsers.org under **Employers/Audits Resources.**

Funding Plan **-** Plan members are required to contribute 10% of their annual covered salary and the Academy is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts by the 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 the fiscal year ended June 30, 2013, the allocation to pension and death benefits is 13.10%. The remaining .90% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The Academy's contributions to SERS for the fiscal years ended June 30, 2013, 2012, and 2011 were $137,640, $141,604, and $144,043, respectively; 100% has been contributed for fiscal years 2013, 2012 and 2011.

B. State Teachers Retirement System of Ohio

Plan Description **-** The Academy participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement system. STRS Ohio provides basic retirement and disability benefits to members and death and survivors 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 43215-3371, or by calling toll-free 1-888-227-7877, or by visiting the STRS Ohio web site at 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% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

8. DEFINED BENEFIT PENSION PLANS (Continued)

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. Member in the DC Plan who becomes 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 fiscal year ended June 30, 2012 *(most recent information available),* plan members were required to contribute 10% of their annual covered salaries. The Academy was required to contribute 14%; 13% 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% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. The Academy's required contributions for pension obligation to STRS for the fiscal years ended June 30, 2013, 2012 and 2011 were $474,491, $422,477, and $208,916, respectively; 100% has been contributed for fiscal years 2013, 2012, and 2011.

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.

9. POST EMPLOYMENT BENEFITS

A. School Employee Retirement System

In addition to a cost–sharing multiple-employer defined benefit pensions plan the School Employees Retirement System of Ohio (SERS) administers two postemployment benefits plans.

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 statue to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. 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 to retirees was $45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2013, the actuarially required allocation is .74%. The Academy's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were $1,019, $1,062, and $1,080, respectively; 100% has been contributed for fiscal years 2013, 2012 and 2011.

9. POST EMPLOYMENT BENEFITS (Continued)

Health Care Plan

ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any 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 plan respectively.

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

The Health Care Fund was established under, and is administered 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. Statues 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 the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The Academy's contributions assigned to health care for the years ended June 30, 2013, 2012, and 2011 were $5,744, $5,563, and $7,820, respectively; 100% has been contributed for fiscal years 2013, 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 benefits. 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 are included in its Comprehensive Annual Financial Report. The report can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

B. State Teachers Retirement System

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 www.strsohio.org or by calling (888)227-7877.

9. POST EMPLOYMENT BENEFITS (Continued)

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% 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 $33,892, $30,177, and $25,989, respectively; 100% has been contributed for the fiscal years 2013, 2012, and 2011.

10. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from policies and procedures approved by the VLT Academy Board of Education. All employees who work more than 25 hours a week accumulate up to three personal days and five sick days each year. Administrative personnel receive vacation leave during summer hours.

B. Insurance Benefits

The Academy has purchased insurance from the McGohan Brabender Insurance Agency to provide employee medical/surgical and dental benefits. The Academy pays 80% of the monthly premium for employees only.

11. OPERATING LEASE

The Academy is currently committed under five non-cancelable leases with Sun Building Partners Ltd, specifically for the use or their school buildings. The leases are floors Basement-7 at 1100 Sycamore Street (Lease 1 and 2), and 316 Reading Road Cincinnati, Ohio (Lease 3) and 308 Reading Road Cincinnati, OH (Lease 4), and 209 E. 12th Street Cincinnati, OH (lease 5).

The Academy recognized an expense of $1,238,052 during the current school period ending June 30, 2013. The landlord grants one option of five years to extend this lease beyond the initial lease period at a lease rate to be negotiated with the landlord and consummated at least sixty days prior to the end of any lease period. The annual lease amount is adjusted by the average increase in the U. S. Consumer Price Index for the twelve months from June 1 to May 31 for each year of the lease.

The minimum lease payments under the non-cancelable leases are as follows:

	Lease 5	Lease 6	Total
	12st St.	Mansfield	
FY2014	$ 450,000.00	$ 336,000.00	$ 786,000.00
FY2015	450,000.00	336,000.00	786,000.00
FY2016		336,000.00	336,000.00
Total	$ 900,000.00	$ 1,008,000.00	$ 1,908,000.00

11. OPERATING LEASE (Continued)

Also, see Note 12 regarding additional obligations owed to Sun Building Partner Ltd.

12. DEBT

The Academy had been working with Sun Building regarding the real estate taxes. Sun Building hired an attorney to help with a case to the Supreme Court where the Academy would not be liable for real estate taxes since we are a non-profit organization. A final determination was made December 15, 2011 that the Academy will not have to pay any taxes starting with Calendar year 2011 but is responsible for all previous taxes. Sun Building did not require the Academy to pay the taxes while the case was being reviewed. A payment plan has been set up with the landlord to pay the taxes.

VLT Academy had a few months where we needed a loan. We were able to negotiate with the Landlord not to pay Sun Building for a few months but pay it back in FY12. We did stay current with our rent to Triage.

Year Ending June 30, 2013

Description	Issue Date	7/1/2012 Balance	New Debt Issued	Principal Retired	Interest Paid	6/30/2013 Balance
Long Term - realestate (SUN Building)	3/11/2010	$ 258,118	-	-	-	$ 258,118
Long Term - Back Rent	10/31/2010	188,271	-	-	-	$ 188,271
Total		$ 446,389	$ -	$ -	$ -	$ 446,389

The back rent payable is made up of a current and non-current portion as follows:

Current portion-back rent payable	$ 134,871
Long term-back rent payable	53,400
	$ 188,271

13. CONTINGENCIES

A. Grants

The Academy received financial assistance from Federal and State agencies in the form of grants. The expenditures of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreement and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the Academy at June 30, 2013, if applicable, cannot be determined at this time.

13. CONTINGENCIES

B. State Funding

The Ohio Department of Education conducts reviews of enrollment data and full time equivalency (FTE) calculations made by the 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. For fiscal year 2013 the review has not been completed. The Academy does not believe that any variance between the amount received to date and the final payment made to the Academy will have any effect to the Academy's financial standing.

14. RELATED PARTY TRANSACTIONS

The Academy paid $297,900 in custodial and maintenance services to CEED during fiscal year 2013. The owner of CEED is married to the Superintendent of VLT Academy.

Clyde Lee, husband of the Superintendent, is an employee of VLT Academy at a salary of $65,000. His job title is Project Manager. Also, the daughter of the Superintendent, Echole Harris is employed by the Academy as the EMIS Coordinator/ Data Director/CFO Assistance to Grant at an annual salary of $93,094.

15. PURCHASED SERVICES

For the fiscal period July 1, 2012 through June 30, 2013, purchased service expenses were comprised of the following:

Property Services	$1,278,322
Utilities	141,820
Janitorial Service	297,900
Professional Services	420,502
Food Services	371,857
Other	96,665
Total	$ 2,607,066

16. NET POSITION DEFICIENCY

As of June 30, 2013, the Academy had a net position deficiency of $121,773 and for the fiscal year ended June 30, 2013, the Academy had an operating loss of $2,247,928.

17. SUBSEQUENT EVENT/ CLOSURE OF THE ACADEMY

Effective August 1, 2014, the Academy was forced to close. The Sponsor chose to not renew the Academy's contract that expired June 30, 2014 and the Academy was unable to secure a new Sponsor, as required by State law, to continue operating.

18. OPERATING LEASE

During the year ended June 30, 2013, the School leased classroom facilities and offices. Payments totaled $ 505,738 for fiscal year 2013. In addition to the lease payments, the school owes $188,271 in back rent. No payments have been made on the back rent.

VALUE LEARNING AND TEACHING ACADEMY
HAMILTON COUNTY

FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2013

FEDERAL GRANTOR / ***Pass Through Grantor*** / Program Title	Fund Number	Federal CFDA Number	Receipts	Disbursements
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Ohio Department of Education				
Child Nutrition Cluster:				
Cash Assistance:				
National School Breakfast Program	3L70	10.553	$ 18,601	$ 18,601
National School Lunch Program	3L60	10.555	396,496	396,496
Total Nutrition Cluster			415,097	415,097
Total U.S. Department of Agriculture			415,097	415,097
U.S. DEPARTMENT OF EDUCATION				
Passed Through Ohio Department of Education				
Title I Cluster:				
ESEA Title I	3M00	84.010	653,719	712,056
Total Title I Cluster			653,719	712,056
Special Education Cluster:				
IDEA Part B	3M20	84.027	212,209	204,315
Total Special Education Cluster			212,209	204,315
School Improvement Grants Cluster:				
School Improvement Grants, 1003 (G)	3AN0	84.377	535,269	534,262
ARRA-School Improvement Grants, Recovery Act	3DP0	84.388	317,388	320,932
Total School Improvement Grants Cluster:			852,657	855,194
Improving Teacher Quality	3Y60	84.367	13,308	6,118
ARRA-Race to the Top - Stimulus	3FD0	84.395	113,550	107,783
Total U.S. Department of Education			1,845,443	1,885,466
Total			$ 2,260,540	$ 2,300,563

The accompanying notes are an integral part of this schedule.

VALUE LEARNING AND TEACHING ACADEMY
HAMILTON COUNTY

NOTES TO THE FEDERAL AWARDS
RECEIPT AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompany Federal Awards Expenditures Schedule (the Schedule) reports the Academy (the Government's) federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

NOTE B – CHILD NUTRITION CLUSTER

The Academy commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting on this Schedule, the Government assumes it expends federal monies first.

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

Value Learning and Teaching Academy
Hamilton County
1100 Sycamore Street
Cincinnati, Ohio 45202

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 the business-type activities**,** each major fund, and aggregate remaining fund information of Value Learning and Teaching Academy, Hamilton County, Ohio (the Academy) as of and for the year ended June 30, 2013, and the related notes to the financial statements, and have issued our report thereon dated August 21, 2014, wherein we noted the Academy experienced significant financial difficulties and the Academy closed effective August 1, 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards w*hich is described in the accompanying schedule of findings as item 2013-001.

Entity's Response to Findings

The Academy's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Academy's responses and, accordingly, we express no opinion on them.

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.

Dave Yost

Dave Yost
Auditor of State

Columbus, Ohio

August 21, 2014

Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Value Learning and Teaching Academy
Hamilton County
1100 Sycamore Street
Cincinnati, Ohio 45202

To the Board of Directors:

Report on Compliance for Each Major Federal Program

We have audited the Value Learning and Teaching Academy, Hamilton County, Ohio (the Academy) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Value Learning and Teaching Academy's major federal programs for the year ended June 30, 2013. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Academy's major federal programs.

Management's Responsibility

The Academy's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the Academy's compliance for each of the Academy's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Academy Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Academy's, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Academy's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Academy's major programs. However, our audit does not provide a legal determination of the Academy's compliance.

Opinion on Each Major Federal Program

In our opinion, the Academy complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2013.

The results of our auditing procedures disclosed instances of noncompliance which OMB Circular A-133 requires us to report, described in the accompanying schedule of findings as item 2013-002. This finding did not require us to modify our compliance opinion on each major federal program.

The Academy's response to our noncompliance finding is described in the accompanying schedule of findings. We did not audit the Academy's response and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

The Academy's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Academy's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Academy's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2013-002 to be a material weakness.

The Academy's response to our internal control over compliance finding is described in the accompanying schedule of findings. We did not audit the Academy's response and, accordingly, we express no opinion on it.

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

Dave Yost
Auditor of State

Columbus, Ohio

August 21, 2014

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VALUE LEARNING AND TEACHING ACADEMY
HAMILTON COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2013

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material control weaknesses reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	Yes
(d)(1)(iv)	**Were there any material internal control weaknesses reported for major federal programs?**	Yes
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under § .510(a)?**	Yes
(d)(1)(vii)	**Major Programs (list):**	CFDA #10.553 and 10.555 – Child Nutrition Cluster; CFDA #84.395 – ARRA – Race to the Top CFDA #84.377 and #84.388 – ARRA/Non-ARRA– School Improvement Grants, Recovery Act
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 300,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee?**	No

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

FINDING NUMBER 2013-001

Noncompliance

Ohio Rev. Code, § 149.351, requires all records that are the property of the public office concerned shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commission provided for under sections 149.38 to 149.42 of the Revised Code.

- The CEED contract for fiscal year 2013 was not on file.

Lack of records increases the risk the Academy will not be able to document payments are for proper public purpose, the Academy will lack documentation of the receipt of goods or services, and theft or fraud will occur and not be detected in a timely manner.

We recommend the Academy maintain its records in a manner that complies with Ohio Rev. Code § 149.351.

Officials' Response

During the time of the Audit, forms were given back and forth to Auditors including contracts. Also, during that time many documents were scanned by Ms. McConnell. The information stated in CEEDs contract is in the Board meetings Binder and was provided to the Auditors. Ms. McConnell, Mrs. Lee along with the help of the Treasurer looked for the copy. Ms. McConnell called the Auditors and Board President during that time to try and locate the file. The file could not be located. However, all information for pay and services is in the Board Binder and financials. Ms. McConnell and Ms. Brown had a copy of the contract; however the signed contract was not located. Year's 2011-2012/2013-2014 contract is in the file.

Auditor of State Conclusion:

The Academy did not provide any original or copy of the 2013 CEED contact to the auditors.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Noncompliance/Material Weakness – Cash Management

Finding Number	2013-002
CFDA Title and Number	ARRA – Race to the Top Grant - 84.395 ARRA - School Improvement Grant Recovery Act - 84.388 Non-ARRA -School Improvement Grant - 84.377
Federal Award Number / Year	2013
Federal Agency	U. S. Department of Education
Pass-Through Agency	Ohio Department of Education

FINDING NUMBER 2013-002
(Continued)

34 CFR 80.21 (OMB Circular A-102) states, in part, that methods and procedures shall minimize the time elapsing between the transfer of funds and disbursement by grantee or subgrantee, in accordance with Treasury regulations at 31 CFR part 205.

Based on the accounting records provided, the Academy did not disburse federal funds from the ARRA - Race to the Top Grant Recovery Act within 30 days of receipt of these funds in the majority of the 5 draws/ receipts tested. Additionally, the Academy did not disburse federal funds from the Non-ARRA portion School Improvement Grant within 30 days of receipt of these funds in the majority of the 11 months/ receipts tested. Separate documentation was provided for a few periods showing that expenditures were made within the required timeframe and subsequently allocated from the General Fund to the grant fund at a later date. However, these documents could not be easily reconciled to the School's accounting records for fiscal year 2013. Due in part to timing differences and other postings, the Academy's accounting records reflected certain negative fund balances in the ARRA portion of the School Improvement Grant.

Officials' Response

Effective FY 2013, The Treasurer met with the Superintendent and the grant committee in determining the cash required and the disbursements to be made from the various federal grants draws for the upcoming month. The Treasurer prepared and updated a worksheet for each grant and documented the budgeted amount allocated by object code and actual amount disbursed and the budgeted amount remaining. This worksheet is used to "Reconcile" the amount of each grant with the "request for cash draw" that is submitted to ODE. It should be noted that there could be an amount charged to the general fund in the accounting system (General Ledger) for an allowable grant disbursement and in subsequent period be "charged back" or reconciled to the correct fund in the accounting system. This is due to the timing of grant receipts so the Academy could meet its various obligations (i.e. payroll, benefits, and other disbursements.) Because of this timing difference the Academy's does not agree with the reported number of occurrence of 11 out of the 11 months tested by the auditors and the reported negative fund balance in the ARRA portion of the School Improvement grant.

Auditor of State Conclusion:

Despite the procedure described in the Officials' response, the Academy did not provide documentation that they disbursed federal funds within 30 days as described in the finding.

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VALUE LEARNING AND TEACHING ACADEMY
HAMILTON COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .315 (b)
JUNE 30, 2013

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***
2012-01	Ohio Rev. Code Section 2921.42(A)(4); Ohio Rev. Code Section 2921.42(C) and VLT Academy Business Manual Purchasing Guidelines – The Academy awarded a bid to a vendor owned by an employee of the school did not represent the lowest and best bid received. Referred to Ethics Commission.	No	Partially corrected. Remaining issues were not material.
2012-02	ORC 2921.42(A)(1) – The Superintendent signed her daughter's employment contract. Referred to Ethics Commission.	Yes	FY13 signed by HR Director
2012-03	OMB Circular A-110 (2 CFR 215.22) – Relating to Cash Management Compliance, the Academy did not disburse advances of federal funds from the Title I Cluster and the State Fiscal Stabilization Fund (SFSF) federal grants within 30 days of receipt.	No	Not Corrected Reissued as Finding 2013-002

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Value Learning and Teaching Academy
Hamilton County
1100 Sycamore Street
Cincinnati, Ohio 45202

To the Board of Education:

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 Value Learning and Teaching Academy (the School) 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 School amended its anti-harassment policy at its meeting on November 11, 2011 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 School's sponsor, and is not intended to be and should not be used by anyone other than these specified parties.

Dave Yost
Auditor of State

Columbus, Ohio

August 21, 2014

Corporate Centre of Blue Ash, 11117 Kenwood Road, Blue Ash, Ohio 45242
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www.ohioauditor.gov

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VALUE LEARNING AND TEACHING ACADEMY
HAMILTON COUNTY

CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
JUNE 30, 2013

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2013-002	Effective FY 2013, The Treasurer met with the Superintendent and the grant committee in determining the cash required and the disbursements to be made from the various federal grants draws for the upcoming month. The Treasurer prepared and updated a worksheet for each grant and documented the budgeted amount allocated by object code and actual amount disbursed and the budgeted amount remaining. This worksheet is used to "Reconcile" the amount of each grant with the "request for cash draw" that is submitted to ODE. It should be noted that there could be an amount charged to the general fund in the accounting system (General Ledger) for an allowable grant disbursement and in subsequent period be "charged back" or reconciled to the correct fund in the accounting system. This is due to the timing of grant receipts so the Academy could meet its various obligations (i.e. payroll, benefits, and other disbursements.) Because of this timing difference the Academy's does not agree with the reported number of occurrence of 11 out of the 11 months tested by the auditors and the reported negative fund balance in the ARRA portion of the School Improvement grant.	8/21/2014	Treasurer

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VALUE LEARNING AND TEACHING ACADEMY

HAMILTON 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
JANUARY 27, 2015