

**RIVER OAKS ACADEMY CHARTER SCHOOL**

**Independent Auditor's Report  
and Financial Statements  
For the Year Ended  
June 30, 2017**

**RIVER OAKS ACADEMY CHARTER SCHOOL**

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**For the Year Ended June 30, 2017**

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### INDEPENDENT AUDITOR'S REPORT

Board of Directors  
River Oaks Academy Charter School  
Westlake Village, California

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

We have audited the accompanying financial statements of River Oaks Academy Charter School (the School), a California nonprofit public benefit corporation, which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Board of Directors  
River Oaks Academy Charter School

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to on page one present fairly, in all material respects, the financial position of the School as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the School's financial statements as a whole. The accompanying supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated December 12, 2017 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's 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 School's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP  
Glendora, California  
December 12, 2017

**FINANCIAL SECTION**

RIVER OAKS ACADEMY CHARTER SCHOOL

STATEMENT OF FINANCIAL POSITION

June 30, 2017

**ASSETS**

**Current Assets:**

|   |    |                |
|---|----|----------------|
| Cash and cash equivalents               | \$ | 793,318        |
| Accounts receivable - federal and state |    | 60,410         |
| Accounts receivable - other             |    | 4,414          |
| Prepaid expenses                        |    | 43,296         |
| Total current assets                    |    | <u>901,438</u> |

**Long-term Assets:**

|                                    |  |                |
|------------------------------------|--|----------------|
| Equipment                          |  | 23,173         |
| Less accumulated depreciation      |  | <u>(7,491)</u> |
| Total property, plant, & equipment |  | <u>15,682</u>  |

**Total assets** **\$** 917,120

**LIABILITIES AND NET ASSETS**

**Current Liabilities:**

|                           |    |                |
|---------------------------|----|----------------|
| Accounts payable          | \$ | 118,639        |
| Unearned revenues         |    | <u>203,304</u> |
| Total current liabilities |    | <u>321,943</u> |

**Net Assets:**

|                  |  |                |
|------------------|--|----------------|
| Unrestricted     |  | <u>595,177</u> |
| Total net assets |  | <u>595,177</u> |

**Total liabilities and net assets** **\$** 917,120

*The accompanying notes are an integral part of these financial statements.*

RIVER OAKS ACADEMY CHARTER SCHOOL

STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2017

**Revenues:**

|                         |                  |
|-------------------------|------------------|
| State revenue:          |                  |
| State aid               | \$ 1,973,996     |
| Other state revenue     | 403,144          |
| Federal revenue:        |                  |
| Grants and entitlements | 44,273           |
| Local revenue:          |                  |
| Interest income         | 5,882            |
| Other revenue           | 76,915           |
| <b>Total revenues</b>   | <u>2,504,210</u> |

**Expenses:**

|  |                   |
|--|-------------------|
| Instructional services                   | 1,461,566         |
| Instruction - related services           | 650,751           |
| Pupil services                           | 43,691            |
| General administration                   | 129,351           |
| Plant services                           | 175,338           |
| <b>Total expenses</b>                    | <u>2,460,697</u>  |
| Change in unrestricted net assets        | 43,513            |
| <b>Beginning unrestricted net assets</b> | <u>551,664</u>    |
| <b>Ending unrestricted net assets</b>    | <u>\$ 595,177</u> |

*The accompanying notes are an integral part of these financial statements.*

RIVER OAKS ACADEMY CHARTER SCHOOL

STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2017

**Cash Flows from Operating Activities:**

|  |    |               |
|--|----|---------------|
| Change in net assets   | \$ | 43,513        |
| Adjustments to reconcile change in net assets to net cash flows from operating activities: |    |               |
| Depreciation   |    | 3,533         |
| Change in operating assets:  |    |               |
| Accounts receivable - federal and state  |    | (19,328)      |
| Accounts receivable - other  |    | 39,955        |
| Prepaid expenses   |    | (3,781)       |
| Change in operating liabilities:   |    |               |
| Accounts payable   |    | (82,041)      |
| Unearned revenue   |    | 66,296        |
| Net cash flows from operating activities   |    | <u>48,147</u> |

**Cash Flows from Investing Activities:**

|  |  |                |
|--|--|----------------|
| Purchases of property, plant and equipment |  | <u>(7,343)</u> |
| Net cash flows from investing activities   |  | <u>(7,343)</u> |

Net change in cash and cash equivalents 40,804

**Cash and cash equivalents at the beginning of the year** 752,514

**Cash and cash equivalents at the end of the year** \$ 793,318

*The accompanying notes are an integral part of these financial statements.*



**RIVER OAKS ACADEMY CHARTER SCHOOL**

**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Nature of Activities* – River Oaks Academy Charter School (the “School”) is a not-for-profit public charter school approved by the Ventura County Office of Education, which started operations in September 2010. The Board of Directors is elected independent of any Ventura County Office of Education appointments. The School Board is responsible for approving their own budgets and accounting related activities.

The School is funded principally through State of California public education monies received through the California Department of Education (CDE).

*Cash and Cash Equivalents* – The School defines its cash and cash equivalents to include only cash on hand, demand deposits, and liquid investments with original maturities of three months or less.

*Use of Estimates* – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures. Accordingly, actual results could differ from those estimates.

*Basis of Accounting* – The financial statements have been prepared on the accrual method of accounting and accordingly reflect all significant receivables and liabilities.

*Functional Allocation of Expenses* – Costs of providing the School’s programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and support services benefited.

*Basis of Presentation* – The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States as prescribed by the Financial Accounting Standards Board.

*Revenue Recognition* – Amounts received from the CDE are recognized as revenue by the School based on the average daily attendance (ADA) of students. Revenue that is restricted is recorded as an increase in unrestricted net assets if the restriction expires in the reporting period in which the revenue is recognized. All other restricted revenues are reported as increases in temporarily restricted net assets.

*Net Asset Classes* – The School is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Net assets of the School consist of the following:

- Unrestricted: All resources over which the governing board has discretionary control to

RIVER OAKS ACADEMY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2017

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

use in carrying on the general operations of the School.

- Temporarily restricted: These net assets are restricted by donors to be used for specific purposes. The School does not currently have any temporarily restricted net assets.
- Permanently restricted: These net assets are permanently restricted by donors and cannot be used by the School. The School does not currently have any permanently restricted net assets.

**Receivables** – Accounts receivable consists of funds due from federal and state governments as of June 30, 2017. Management believes that all receivables are fully collectible; therefore no provisions for uncollectible accounts were recorded.

**Property, Plant and Equipment** – Property, plant and equipment are stated at cost if purchased or at estimated fair market value if donated. Depreciation is provided on a straight-line basis over the estimated useful lives of the asset. The School capitalizes all expenditures for land, buildings and equipment in excess of \$5,000. Depreciation expense for the year ended June 30, 2017 was \$3,533.

**Property Taxes** – Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and are payable in two installments on or before November 1 and February 1. Unsecured property taxes are not a lien against real property and are payable in one installment on or before August 31. The County bills and collects property taxes for all taxing agencies within the County and distributes these collections to the various agencies. The sponsor agency of the School is required by law to provide in-lieu property tax payments on a monthly basis, from August through July. The amount paid per month is based upon an allocation per student, with a specific percentage to be paid each month.

**Contributions** – All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted to specific use or future periods are reported as temporarily restricted.

**Income Taxes** – The School is a non-profit entity exempt from the payment of income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d. Accordingly, no provision has been made for income taxes. Management has determined that all income tax positions are more likely than not of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. The School files informational returns in the U.S. federal jurisdiction, and the state of California. The statute of limitations for federal and California state purposes is generally three and four years, respectively.

**Evaluation of Subsequent Events** – The School has evaluated subsequent events through December 12, 2017, the date these financial statements were available to be issued. There were

RIVER OAKS ACADEMY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2017

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

no subsequent events requiring recognition or disclosure.

**NOTE 2: CONCENTRATION OF CREDIT RISK**

The School maintains substantially all of its cash in the Ventura County Treasury (the County). The County pools these funds with those of other educational organizations in the county and invests the cash. These pooled funds are carried at cost which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool. The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et. seq. The funds maintained by the County are either secured by federal depository insurance or collateralized.

Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned to it. As of June 30, 2017, the School was not exposed to any such credit risk.

**NOTE 3: ACCOUNTING SERVICES**

The Ventura County Schools Business Services Authority charges the School an administration fee for accounting services. The administrative fee as of June 30, 2017 was \$168,541.

**NOTE 4: OPERATING LEASE**

The School leases its office facilities in Westlake Village under a lease agreement which was amended in December 2014. The amended lease expires January 2018 with an option to extend the lease to January 2021. The base rent is \$8,053 per month with annual escalations and the School is also responsible for its share of operating expenses. Future minimum lease payments required under the lease are as follows:

| <u>Year ended</u><br><u>June 30,</u> | <u>Lease Payment</u> |
|--------------------------------------|----------------------|
| 2018                                 | \$ <u>58,059</u>     |

Rent expense under this lease was \$124,434 for the year ended June 30, 2017.

In 2015 the School opened a new facility in Oxnard. The School leases its facilities under a lease agreement which expires June 2020 with an option to extend the lease to June 2030. The base rent is \$4,850 per month with annual escalations and the School is also responsible for its share of operating expenses. Future minimum lease payments required under the lease are as follows:

RIVER OAKS ACADEMY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2017

**NOTE 4: OPERATING LEASE**

| <u>Year ended</u><br><u>June 30,</u> | <u>Lease Payment</u> |
|--------------------------------------|----------------------|
| 2018                                 | \$ 61,500            |
| 2019                                 | 66,900               |
| 2020                                 | 64,750               |
| Total                                | <u>\$ 193,150</u>    |

Rent expense under this lease was \$35,382 for the year ended June 30, 2017.

**NOTE 5: EMPLOYEE RETIREMENT**

**Multi-employer Defined Benefit Pension Plans**

Qualified employees are covered under multi-employer defined benefit pension plans maintained by agencies of the State of California.

The risks of participating in this multi-employer defined benefit pension plan are different from single-employer plans because: (a) assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers, (b) the required member, employer, and state contribution rates are set by the California Legislature, and (c) if the School chooses to stop participating in the multi-employer plan, it may be required to pay a withdrawal liability to the plan. The School has no plans to withdraw from this multi-employer plan.

**State Teachers' Retirement System (STRS)**

**Plan Description**

The School contributes to the State Teachers' Retirement System (STRS), a cost-sharing multi-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. According to the most recently available Comprehensive Annual Financial Report and Actuarial Valuation Report for the year ended June 30, 2016, total STRS plan net assets are \$189 billion, the total actuarial present value of accumulated plan benefits is \$333 billion, contributions from all employers totaled \$3.4 billion, and the plan is 63.7% funded. The School did not contribute more than 5% of the total contributions to the plan.

Copies of the STRS annual financial reports may be obtained from STRS, 7667 Folsom

**RIVER OAKS ACADEMY CHARTER SCHOOL**

**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2017**

**NOTE 5: EMPLOYEE RETIREMENT**

Boulevard, Sacramento, CA 95826 and [www.calstrs.com](http://www.calstrs.com).

**Funding Policy**

Active plan members hired before December 31, 2012 are required to contribute 9.20% of their salary and those hired after are required to contribute 8.56% of their salary. The School is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. Under the 2014 funding plan, employer contributions on compensation creditable to the program will increase every year up to 19.10% in 2020–21. The required employer contribution rate for year ended June 30, 2017 was 12.58% of annual payroll. The contribution requirements of the plan members are established and may be amended by State statute.

The School contributions to STRS for the past three years are as follows:

| <u>Year Ended June 30,</u> | <u>Required Contribution</u> | <u>Percent Contributed</u> |
|----------------------------|------------------------------|----------------------------|
| 2015                       | \$ 44,969                    | 100%                       |
| 2016                       | \$ 71,590                    | 100%                       |
| 2017                       | \$ 106,891                   | 100%                       |

**Public Employees' Retirement System (PERS)**

**Plan Description**

The School contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. According to the most recently available Actuarial Valuation Report for the year ended June 30, 2016, the School Employer Pool total plan net assets are \$62.6 billion, the total pension liability is \$75.7 billion, contributions from all employers totaled \$1.4 billion, and the plan is 73.9% funded. The School did not contribute more than 5% of the total contributions to the plan.

Copies of the CalPERS' annual financial reports may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814 and [www.calpers.ca.gov](http://www.calpers.ca.gov).

RIVER OAKS ACADEMY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2017

**NOTE 5: EMPLOYEE RETIREMENT**

**Funding Policy**

Active plan members brought into PERS membership prior to January 1, 2013 are required to contribute 7.0% of their salary while new members are required to contribute 6.0% of their salary. The School is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the year ended June 30, 2017 was 13.888%. The contribution requirements of the plan members are established and may be amended by State statute.

The School's contributions to PERS for the past three fiscal years are as follows:

| <u>Year Ended June 30,</u> | <u>Required Contribution</u> | <u>Percent Contributed</u> |
|----------------------------|------------------------------|----------------------------|
| 2015                       | \$ 10,014                    | 100%                       |
| 2016                       | \$ 9,712                     | 100%                       |
| 2017                       | \$ 13,096                    | 100%                       |

**SUPPLEMENTARY INFORMATION**

**RIVER OAKS ACADEMY CHARTER SCHOOL**

**LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE  
For the Year Ended June 30, 2017**

River Oaks Academy Charter School, (the School) is a not-for-profit public charter school serving students from kindergarten through twelfth grade. It commenced operations in the beginning of the 2010-11 fiscal year. The mission of School is to help children tap into their inner brilliance and bring it out onto the world. This is achieved by providing the families with a broad selection of curriculum, a supportive/knowledgeable staff and an inspired location to meet and build a true "Learning Community."

The charter was granted in July 15, 2010 by the Ventura County Office of Education and the California Department of Education.

The charter school number is 1256.

The Board of Directors and the Administrators for the fiscal year ended June 30, 2017 were as follows:

**BOARD OF DIRECTORS**

| <b><u>Member</u></b> | <b><u>Office</u></b> | <b><u>Term Expires</u></b> |
|----------------------|----------------------|----------------------------|
| Vacant               | Chairman             | Not applicable             |
| Jennifer Berryhill   | Vice Chairman        | August 2019                |
| Denise Fliz          | Secretary            | June 2017                  |
| Michael McCambridge  | Treasurer            | June 2018                  |
| Dr. John Horton      | Parliamentarian      | May 2020                   |

**ADMINISTRATORS**

|                   |                         |
|-------------------|-------------------------|
| Claudia Weintraub | Director                |
| Tami Peterson     | Chief Business Official |



**RIVER OAKS ACADEMY CHARTER SCHOOL**

**SCHEDULE OF INSTRUCTIONAL TIME**

**For the Year Ended June 30, 2017**

River Oaks Academy Charter School offers only an independent study program. Therefore, minimum instructional minutes requirements are not applicable.

*See auditor's report and notes to supplementary information.*

**RIVER OAKS ACADEMY CHARTER SCHOOL**  
**SCHEDULE OF AVERAGE DAILY ATTENDANCE**  
**For the Year Ended June 30, 2017**

|             | Second Period Report |        | Annual Report   |        |
|-------------|----------------------|--------|-----------------|--------|
|             | Classroom Based      | Total  | Classroom Based | Total  |
| TK/K-3      | -                    | 64.21  | -               | 65.11  |
| Grades 4-6  | -                    | 57.89  | -               | 58.87  |
| Grades 7-8  | -                    | 46.75  | -               | 46.42  |
| Grades 9-12 | -                    | 79.60  | -               | 80.74  |
| ADA Totals  | -                    | 248.45 | -               | 251.14 |

*See auditor's report and notes to supplementary information.*

**RIVER OAKS ACADEMY CHARTER SCHOOL**  
**RECONCILIATION OF ANNUAL FINANCIAL REPORT**  
**WITH AUDITED FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

There were no differences between the net assets reported on the June 30, 2017 Annual Financial Report and the audited financial statements.

*See auditor's report and notes to supplementary information.*

**RIVER OAKS ACADEMY CHARTER SCHOOL**  
**NOTES TO SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2017**

**NOTE 1: PURPOSE OF SCHEDULES**

**Schedule of Instructional Time**

This schedule presents information on the amount of instructional time offered by the School and whether the School complied with the provisions of the California Education Code. Since the School offers only an independent study program, minimum instructional minutes requirements are not applicable.

**Schedule of Average Daily Attendance**

Average daily attendance is a measurement of the number of pupils attending classes of the School. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to charter schools. This schedule provides information regarding the attendance of students at various grade levels.

**Reconciliation of Annual Financial Report with Audited Financial Statements**

This schedule provides the information necessary to reconcile the net assets of the charter schools as reported on the Annual Financial Report form to the audited financial statements.

**OTHER INDEPENDENT AUDITOR'S REPORTS**



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### INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors  
River Oaks Academy Charter School  
Westlake Village, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of River Oaks Academy Charter School, a nonprofit California public benefit corporation, which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, and cash flows for the year then ended, the related notes to the financial statements, and have issued our report thereon dated December 12, 2017.

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

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

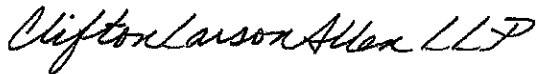
**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Glendora, California

December 12, 2017



# CliftonLarsonAllen

## INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Directors  
River Oaks Academy Charter School  
Westlake Village, California

We have audited River Oaks Academy Charter School's (the School) compliance with the types of compliance requirements described in the *2016-2017 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel for the year ended June 30, 2017. The School's State compliance requirements are identified in the table below.

### Management's Responsibility

Management is responsible for the compliance with the State laws and regulations as identified below.

### Auditor's Responsibility

Our responsibility is to express an opinion on the School's compliance based on our audit of the types of compliance requirements referred to below. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2016-2017 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the specific areas listed below has occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on state compliance. Our audit does not provide a legal determination of the School's compliance.

### Compliance Requirements Tested

In connection with the audit referred to above, we selected and tested transactions and records to determine the School's compliance with the laws and regulations applicable to the following items:

| <u>Description</u>  | <u>Procedures Performed</u> |
|---|-----------------------------|
| School Districts, County Offices of Education, and Charter Schools: |                             |
| Educator Effectiveness  | Yes                         |
| California Clean Energy Jobs Act                                    | Not Applicable              |
| After School Education and Safety Program                           | Not Applicable              |
| Proper Expenditure of Education Protection Account Funds            | Yes                         |



## INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

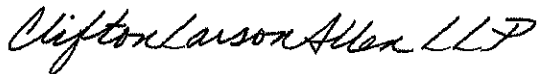
| <u>Description</u>  | <u>Procedures Performed</u> |
|---|-----------------------------|
| Unduplicated Local Control Funding Formula Pupil Counts     | Yes                         |
| Local Control and Accountability Plan                       | Yes                         |
| Independent Study-Course Based                              | Not applicable              |
| Immunizations   | Yes                         |
| Charter Schools:  |                             |
| Attendance  | Yes                         |
| Mode of Instruction   | Not applicable              |
| Nonclassroom-based instructional/independent study          | Yes                         |
| Determination of funding for nonclassroom-based instruction | Yes                         |
| Annual instructional minutes – classroom based              | Not applicable              |
| Charter School Facility Grant Program                       | Not applicable              |

### Opinion on State Compliance

In our opinion, the School complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2017.

### Purpose of this Report

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *2016-2017 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP  
Glendora, California  
December 12, 2017

**FINDINGS AND RESPONSES**

**RIVER OAKS ACADEMY CHARTER SCHOOL**

**SCHEDULE OF FINDINGS AND RESPONSES**

**For the Year Ended June 30, 2017**

All audit findings must be identified as one or more of the following twelve categories:

| <u>Five Digit Code</u> | <u>Finding Types</u>              |
|------------------------|-----------------------------------|
| 10000                  | Attendance                        |
| 20000                  | Inventory of Equipment            |
| 30000                  | Internal Control                  |
| 40000                  | State Compliance                  |
| 42000                  | Charter School Facilities Program |
| 50000                  | Federal Compliance                |
| 60000                  | Miscellaneous                     |
| 61000                  | Classroom Teacher Salaries        |
| 62000                  | Local Control Accountability Plan |
| 70000                  | Instructional Materials           |
| 71000                  | Teacher Misassignments            |
| 72000                  | School Accountability Report Card |

There were no findings related to the basic financial statements or state awards for June 30, 2017.

**RIVER OAKS ACADEMY**

**STATUS OF PRIOR YEAR FINDINGS AND RESPONSES**  
**For the Year Ended June 30, 2017**

There were no findings related to the basic financial statements or state awards for the prior year.