



Dave Yost • Auditor of State

COSHOCTON OPPORTUNITY SCHOOL
COSHOCTON COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Coshocton Opportunity School
Coshocton County
1207 Cambridge Road
Coshocton, Ohio 43812

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Coshocton Opportunity School, Coshocton County, Ohio (the Opportunity School), a component unit of the Coshocton City School District, Coshocton County, Ohio, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Opportunity School'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 Opportunity School'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 Opportunity School's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Coshocton Opportunity School, Coshocton County, Ohio, as of June 30, 2014 and the changes in its financial position and its cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2015, on our consideration of the Opportunity School'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 Opportunity School's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

April 8, 2015

COSHOCTON OPPORTUNITY SCHOOL

*(A Component Unit of Coshocton City School District)
COSHOCTON COUNTY, OHIO*

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014***

Unaudited

The management's discussion and analysis of Coshocton Opportunity School's (the "Opportunity School") financial performance provides an overall review of the Opportunity School's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the Opportunity School's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the Opportunity School's financial performance.

FINANCIAL HIGHLIGHTS

- Net Position at June 30, 2014 was \$74,573.
- Operating revenues accounted for \$318,344 in revenue or 85% of all revenues.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of two parts – management's discussion and analysis and the basic financial statements. These statements are organized so the reader can understand the financial position of the Opportunity School. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets, liabilities, and deferred outflows/inflows of resources are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows reflects how the Opportunity School finances and meets its cash flow needs. Finally, the notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

The Opportunity School is not required to present government-wide financial statements as the Opportunity School is engaged in only business-type activities. Therefore, no condensed financial information derived from government-wide financial statements is included in the discussion and analysis.

COSHOCOTON OPPORTUNITY SCHOOL

(A Component Unit of Coshocton City School District)
COSHOCOTON COUNTY, OHIO

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014**

Unaudited

The following tables present the Opportunity School's condensed financial information for fiscal year 2014 and 2013 derived from the statement of net position and the statement of revenues, expenses, and changes in net position.

	Net Position	
	2014	2013
Current and Other Assets	\$81,928	\$133,248
Capital Assets, Net	6,141	9,693
Total Assets	88,069	142,941
Other Liabilities	13,496	17,485
Total Liabilities	13,496	17,485
Net Position		
Investment in Capital Assets	6,141	9,693
Restricted	34,640	45,821
Unrestricted	33,792	69,942
Total Net Position	\$74,573	\$125,456

	Change in Net Position	
	2014	2013
Operating Revenues		
Foundation Payments	\$316,809	\$373,780
Tuition and Fees	535	850
All Other Revenue	1,000	1,000
Total Operating Revenues	318,344	375,630
Operating Expenses		
Salaries and Wages	1,450	1,300
Purchased Services	399,733	411,676
Supplies and Materials	7,779	32,301
Depreciation	3,552	19,992
Other Operating Expense	12,553	14,955
Total Operating Expenses	425,067	480,224
Operating Loss	(106,723)	(104,594)
Nonoperating Revenues (Expenses)		
Federal and State Restricted Grants	30,673	33,143
State Unrestricted Grants	2,594	0
Contributions and Donations	22,500	0
Investment Earnings	73	123
Total Nonoperating Revenues (Expenses)	55,840	33,266
Total Change in Net Position	(50,883)	(71,328)
Net Position Beginning of Year	125,456	196,784
Net Position End of Year	\$74,573	\$125,456

COSHOCTON OPPORTUNITY SCHOOL

(A Component Unit of Coshocton City School District)
COSHOCTON COUNTY, OHIO

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2014

Unaudited

The Opportunity School operates as one business-type enterprise fund; therefore, no analysis of balances and transactions of individual funds are included in the discussion and analysis. Results of fiscal year 2014 indicate a decrease in net position of \$50,883 and ending net position of \$74,573. State Foundation Payments and expenses decreased from the prior fiscal year, however, expenses continued to outpace revenues.

BUDGET

Unlike other public schools located in the state of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided in the School's contract with its Sponsor. The contract between the Opportunity School and its Sponsor stipulates that the Opportunity School shall provide a detailed budget to the Sponsor on or before the first day of each fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2014 the Opportunity School had \$6,141 net of accumulated depreciation invested in equipment. The following table shows fiscal years 2014 and 2013:

	Business-Type Activities		Increase (Decrease)
	2014	2013	
Equipment	\$168,357	\$168,357	\$0
Less: Accumulated Depreciation	(162,216)	(158,664)	(3,552)
Totals	\$6,141	\$9,693	(\$3,552)

Additional information on the Opportunity School's capital assets can be found in Note 3.

Debt

The Opportunity School has not issued any debt.

ECONOMIC FACTORS

The Opportunity School relies solely upon State foundation to fund its General Fund operations. Enrollment remains relatively stable. Any increase in State Foundation would only come from biennial budget changes. In addition to these local challenges, another challenge facing the Opportunity School is the future of state funding. In conclusion, the Opportunity School management has committed itself to financial prudence in the years to come.

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Opportunity School's finances and to show the Opportunity School's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Felicia Drummey, Treasurer Coshocton Opportunity School.

COSHOCTON OPPORTUNITY SCHOOL

(A Component Unit of Coshocton City School District)
COSHOCTON COUNTY, OHIO

Statement of Net Position **June 30, 2014**

Assets:

Current Assets:

Cash and Cash Equivalents	\$ 79,694
Prepaid Items	2,234
Total Current Assets	<u>81,928</u>

Non Current Assets:

Capital Assets, Net of Accumulated Depreciation	<u>6,141</u>
Total Assets	<u>88,069</u>

Liabilities:

Current Liabilities:

Accounts Payable	1,026
Intergovernmental Payable	2,301
Due to Primary Government	<u>10,169</u>
Total Liabilities	<u>13,496</u>

Net Position

Investment in Capital Assets	6,141
Restricted For:	
TANF Program	18,043
Donated Programs	16,597
Unrestricted	<u>33,792</u>
Total Net Position	<u>\$ 74,573</u>

See accompanying notes to the basic financial statements

COSHOCTON OPPORTUNITY SCHOOL

(A Component Unit of Coshocton City School District)
COSHOCTON COUNTY, OHIO

Statement of Revenues, Expenses and Changes in Net Position For the Fiscal Year Ended June 30, 2014

Operating Revenues:	
Foundation Payments	\$ 316,809
Tuition and Fees	535
All Other Revenue	1,000
Total Operating Revenues	318,344
Operating Expenses:	
Salaries and Wages	1,450
Purchased Services	399,733
Supplies and Materials	7,779
Depreciation	3,552
Other Operating Expense	12,553
Total Operating Expenses	425,067
Operating Loss	(106,723)
Nonoperating Revenues (Expenses):	
Federal and State Restricted Grants	30,673
State Unrestricted Grants	2,594
Contributions and Donations	22,500
Investment Earnings	73
Total Nonoperating Revenues (Expenses)	55,840
Change in Net Position	(50,883)
Net Position Beginning of Year	125,456
Net Position End of Year	\$ 74,573

See accompanying notes to the basic financial statements

COSHOCTON OPPORTUNITY SCHOOL

(A Component Unit of Coshocton City School District)
COSHOCTON COUNTY, OHIO

Statement of Cash Flows For the Fiscal Year Ended June 30, 2014

<u>Cash Flows from Operating Activities:</u>	
Cash Received for School Foundation	\$319,110
Cash Received from Other Revenue	1,535
Cash Payments to Employees	(1,450)
Cash Payments for Goods and Services	(413,867)
Cash Payments for Other Expenses	(12,553)
Net Cash Used by Operating Activities	<u>(107,225)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>	
Federal and State Grants Received	33,267
Other Grants	22,500
Net Cash Provided by Noncapital Financing Activities	<u>55,767</u>
<u>Cash Flows from Investing Activities:</u>	
Receipt of Interest	73
Net Cash Provided by Investing Activities	<u>73</u>
Net Decrease in Cash and Cash Equivalents	(51,385)
Cash and Cash Equivalents at Beginning of Year	131,079
Cash and Cash Equivalents at End of Year	<u><u>\$79,694</u></u>
<u>Reconciliation of Operating Loss to Net Cash</u>	
<u>Used by Operating Activities:</u>	
Operating Loss	(\$106,723)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	3,552
Changes in Assets and Liabilities:	
Increase in Prepaid Items	(65)
Increase in Accounts Payable	1,026
Increase in Intergovernmental Payable	2,301
Decrease in Due to Primary Government	(7,316)
Total Adjustments	<u>(502)</u>
Net Cash Used by Operating Activities	<u><u>(\$107,225)</u></u>

See accompanying notes to the basic financial statements

COSHOCTON OPPORTUNITY SCHOOL

(A Component Unit of Coshocton City School District)
COSHOCTON COUNTY, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Coshocton Opportunity School, Coshocton, Ohio (the “Opportunity School”) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. Management is not aware of any course of action or series of events that have occurred that might adversely affect the tax-exempt status. It is operated under a contract with the Coshocton City School District to provide a safe and supportive learning environment for non-traditional high school students, where a motivating, standards based curriculum will prepare students for employment and lifelong learning. The focus of the curriculum is to meet the requirements for the passage of the Ohio Graduation Test in the areas of reading, mathematics, writing, social studies, and science, and to meet all other requirements for high school graduation. The Opportunity School, which is part of the State’s education program, is nonsectarian in its programs, admissions policies, employment practices and all other operations.

The Opportunity School was certified by the Ohio Secretary of State as a non-profit organization on December 2, 2004. The Opportunity School was approved for operation under a contract with the Coshocton City School District (the “Sponsor”). The Sponsor is responsible for evaluating the performance of the Opportunity School and has the authority to deny renewal of the contract at its expiration. The Opportunity School began accepting students on March 9, 2006.

The Opportunity School operates under the direction of a five-member Governing Authority. The Opportunity School is considered a component unit of the Coshocton City School District for reporting purposes, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14 as amended by GASB Statement No. 39 and GASB Statement No. 61. The Governing Authority 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. The Treasurer of Coshocton City School District is the Treasurer of the Opportunity School.

The accounting policies and financial reporting practices of the Opportunity School conform to generally accepted accounting principles as applicable 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 following is a summary of its significant accounting policies.

COSHOCTON OPPORTUNITY SCHOOL

(A Component Unit of Coshocton City School District)
COSHOCTON COUNTY, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting

The Opportunity School's basic financial statements consist of a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows. Enterprise reporting focuses on the determination of the change in net position and cash flows.

C. Measurement Focus

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets, liabilities, and deferred outflows/inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the Opportunity School finances and meets the cash flow needs of its enterprise activities.

D. Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds. Revenues are recognized when they are earned and expenses are recognized when incurred.

Revenues – Exchange and Non-exchange Transactions – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place.

Non-exchange transactions, in which the Opportunity School receives value without directly giving equal value in return, include grants and entitlements. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred inflows of resources.

COSHOCTON OPPORTUNITY SCHOOL

(A Component Unit of Coshocton City School District)
COSHOCTON COUNTY, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Opportunity School must provide local resources to be used for a specified purpose, and expense requirements, in which the resources are provided to the Opportunity School on a reimbursement basis.

E. Budgetary Process

Unlike other public schools located in the state of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided in the School's contract with its Sponsor. The contract between the Opportunity School and its Sponsor stipulates that the Opportunity School shall provide a detailed budget to the Sponsor on or before the first day of each fiscal year.

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, a money market account, and investments with original maturities of three months or less. During fiscal year 2014, the Opportunity School had no investments.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2014, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the year in which services are consumed.

H. Capital Assets and Depreciation

Capital assets are defined by the Opportunity School as assets with an initial, individual or group cost of more than \$500.

1. Property, Plant and Equipment

Property, plant and equipment acquired by the Opportunity School are stated at cost (or estimated historical cost). Contributed capital assets are recorded at fair market value at the date received.

COSHOCTON OPPORTUNITY SCHOOL

(A Component Unit of Coshocton City School District)
COSHOCTON COUNTY, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets and Depreciation (Continued)

2. Depreciation

All capital assets are depreciated excluding land and construction in progress. Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives (in years)</u>
Furniture, Fixtures and Equipment	5

I. Net Position

Net position represents the difference between assets, liabilities, and deferred outflows/inflows of resources. Net investment in capital assets consists of capital assets net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on use either through the enabling legislation adopted by the Opportunity School or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Opportunity School policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

J. Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

K. Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Opportunity School, these revenues are foundation payments. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

COSHOCTON OPPORTUNITY SCHOOL

(A Component Unit of Coshocton City School District)
COSHOCTON COUNTY, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The Opportunity School reports no deferred outflows of resources.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Opportunity School reports no deferred inflows of resources.

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS

At fiscal year end the carrying amount of the Opportunity School's deposits was \$79,694 and the bank balance was \$79,878. The Federal Deposit Insurance Corporation (FDIC) covered the entire bank balance. There are no significant statutory restrictions regarding the deposit and investment of funds by the nonprofit corporation.

Custodial credit risk is the risk that, in the event of a bank failure, the Opportunity School will not be able to recover deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Opportunity School.

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date.

Concentration of Credit Risk – The Opportunity School places no limit on the amount it may invest in one issuer.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Opportunity School will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Opportunity School had no investments at June 30, 2014.

COSHOCTON OPPORTUNITY SCHOOL

(A Component Unit of Coshocton City School District)
COSHOCTON COUNTY, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2014

NOTE 3 - CAPITAL ASSETS

Summary by category of changes in capital assets at June 30, 2014:

Historical Cost:

<u>Class</u>	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>
<i>Capital Assets being depreciated:</i>				
Equipment	\$168,357	\$0	\$0	\$168,357
Total Cost	\$168,357	\$0	\$0	\$168,357

Accumulated Depreciation:

<u>Class</u>	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>
Equipment	(\$158,664)	(\$3,552)	\$0	(\$162,216)
Total Depreciation	(\$158,664)	(\$3,552)	\$0	(\$162,216)

<i>Net Value:</i>	\$9,693			\$6,141
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NOTE 4 – RELATED PARTY TRANSACTIONS

A. Operating Lease Agreement

The Opportunity School leases portions of a building from the Sponsor. The lease was entered into on July 1, 2012 and ends on June 30, 2015. The Opportunity School annually pays the Sponsor \$1,800 per student in equal monthly installments. For fiscal year 2014 the Opportunity School paid the Sponsor a total of \$57,150.

B. Service Agreement

In fiscal year 2014 the Opportunity School paid the Sponsor \$318,855 for services provided by the Sponsor to the Opportunity School. In addition, at fiscal year end, the Opportunity School had an outstanding payable of \$10,169 to the Sponsor for services provided.

COSHOCTON OPPORTUNITY SCHOOL

(A Component Unit of Coshocton City School District)
COSHOCTON COUNTY, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2014

NOTE 5 – RISK MANAGEMENT

The Opportunity School 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. The Opportunity School renewed a policy with Ohio Casualty Insurance Company for general liability insurance and property insurance. The entire risk of loss, less any deductibles, transfers to the commercial carrier. The following limits and deductibles are in aggregate for both the Opportunity School and the Sponsor. Ohio Casualty Insurance Company provides general liability coverage. The general liability coverage insures up to \$1,000,000 each occurrence and \$3,000,000 aggregate.

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

Ohio Casualty Insurance Company provides property, crime, and equipment breakdown insurance coverage. The property coverage insures up to a blanket limit of \$50,000 with a \$1,000 deductible. School Leaders errors and omissions covers up to \$1,000,000. The limits and deductibles stated above are in aggregate for both the Opportunity School and the Sponsor.

NOTE 6 - CONTINGENCIES

A. Grants

The Opportunity School receives financial assistance from federal agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Opportunity School at June 30, 2014.

B. Litigation

The Opportunity School is not a party to any legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects as of June 30, 2014.

C. Full Time Equivalency

The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by community schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. The conclusions of this review could result in state funding being adjusted. The Opportunity School does not anticipate any material adjustments to state funding for fiscal year 2014 as a result of such review.

COSHOCTON OPPORTUNITY SCHOOL

(A Component Unit of Coshocton City School District)
COSHOCTON COUNTY, OHIO

Notes to the Basic Financial Statements ***For the Fiscal Year Ended June 30, 2014***

NOTE 6 – CONTINGENCIES (Continued)

D. ODE Reimbursements

The Ohio Department of Education (ODE) has identified several community schools and/or STEM schools that made critical data errors between the June payment and the Final #1 payment. As a result, ODE will be running a Final #2 foundation report for community schools and STEM schools for fiscal year 2014. As of the date of this report, a final list of schools impacted and amounts are not yet available, but ODE believes this will result in receivables to the schools affected.



Dave Yost • Auditor of State

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

Coshocton Opportunity School
Coshocton County
1207 Cambridge Road
Coshocton, Ohio 43812

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Coshocton Opportunity School, Coshocton County, Ohio, (the Opportunity School), a component unit of the Coshocton City School District, Coshocton County, Ohio, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Opportunity School's basic financial statements and have issued our report thereon dated April 8, 2015.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Opportunity School'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 Opportunity School's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying Schedule of Findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a 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 Opportunity School'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. We consider Finding 2014-001 described in the accompanying Schedule of Findings to be a material weakness.

Compliance and Other Matters

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

Purpose of this Report

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

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

Dave Yost
Auditor of State

Columbus, Ohio

April 8, 2015

**COSHOCTON OPPORTUNITY SCHOOL
COSHOCTON COUNTY**

**SCHEDULE OF FINDINGS
JUNE 30, 2014**

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

Finding Number 2014-001

Financial Reporting – Material Weakness

As a result of audit procedures performed, errors were noted in the Opportunity School's financial statements that required audit reclassifications for which the financial statements have been adjusted:

- The Opportunity School received \$22,500 in Contributions and Donations, a non-operating revenue, and incorrectly identified it as All Other Revenue, which was an operating revenue;
- The Opportunity School did not properly carry forward a correct listing of capital assets and accumulated depreciation. This resulted in current year depreciation and accumulated depreciation being incorrectly calculated and understated by \$3,305;
- The Opportunity School received \$2,594 in unrestricted State revenue as derived from State levied casino taxes. It was improperly identified as Federal and State Restricted Grants.

Sound financial reporting is the responsibility of the Treasurer and the Board of Directors and is essential to help ensure the information provided to the readers of the financial statements is complete and accurate.

To help ensure the Opportunity School's financial statements and notes to the financial statements are complete and accurate, the Opportunity School should adopt policies and procedures, including a final review of the statements and notes by the Treasurer and Board of Directors to help identify and correct errors and omissions.

The financial statements have been adjusted accordingly.

Official's Response: The material weaknesses cited above were the result of mis-classifications during the annual GAAP conversion process and not the result of a daily operating issue. It is important to note that the transactions were correctly posted during the daily routine of posting financial activities. To prevent this weakness in the future, the treasurer will provide more clarity to the GAAP convertor about the exact nature of each transaction type to ensure proper classification in the financial statements.

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Dave Yost • Auditor of State

COSHOCTON OPPORTUNITY SCHOOL

COSHOCTON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 21, 2015**