

**COSHOCTON OPPORTUNITY SCHOOL**

**COSHOCTON COUNTY**

**REGULAR AUDIT**

**JULY 1, 2020 – JUNE 30, 2021**



**WILSON, SHANNON & SNOW**  
**INC.**  
**CPAs & ADVISORS**



OHIO AUDITOR OF STATE  
KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
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(800) 282-0370

Board of Directors  
Coshocton Opportunity School  
1205 Cambridge Road  
Coshocton, Ohio 43812

We have reviewed the *Independent Auditor's Report* of the Coshocton Opportunity School, Coshocton County, prepared by Wilson, Shannon & Snow, Inc., for the audit period July 1, 2020 through June 30, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Coshocton Opportunity School is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

January 27, 2022

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**COSHOCTON OPPORTUNITY SCHOOL  
COSHOCTON COUNTY**

**TABLE OF CONTENTS**

<b><u>TITLE</u></b>	<b><u>PAGE</u></b>
INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS:	
STATEMENT OF NET POSITION	6
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	7
STATEMENT OF CASH FLOWS	8
NOTES TO THE BASIC FINANCIAL STATEMENTS	9
INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY <i>GOVERNMENT AUDITING STANDARDS</i>	18

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Coshocton Opportunity School  
Coshocton County  
1205 Cambridge Road  
Coshocton, Ohio 43812

## INDEPENDENT AUDITOR'S REPORT

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), as of and for the fiscal year ended June 30, 2021, 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 such 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 as of June 30, 2021, and the changes in its financial position and its cash flows for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As disclosed in Note 8 to the financial statements, during fiscal year 2021, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Opportunity School. We did not modify our opinion regarding this matter.

***Other Matters***

***Required Supplementary Information***

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2021 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.

*Wilson, Shuman & Snow, Inc.*

December 20, 2021  
Newark, Ohio



# ***COSHOCTON OPPORTUNITY SCHOOL***

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## ***Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2021***

***Unaudited***

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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, 2021. 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, 2021 was \$279,131.
- Operating revenues accounted for \$289,030 in revenue or 58% 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 and liabilities 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.

## ***COSHOCTON OPPORTUNITY SCHOOL***

***Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021***

***Unaudited***

The following tables present the Opportunity School's condensed financial information for fiscal years 2021 and 2020 derived from the statement of net position and the statement of revenues, expenses, and changes in net position.

	Net Position	
	2021	2020
Current and Other Assets	\$314,962	\$248,607
Capital Assets, Net	6,692	7,808
Total Assets	321,654	256,415
Other Liabilities	42,523	19,575
Total Liabilities	42,523	19,575
Net Position		
Investment in Capital Assets	6,692	7,808
Restricted	105,681	35,666
Unrestricted	166,758	193,366
Total Net Position	\$279,131	\$236,840

	Change in Net Position	
	2021	2020
Operating Revenues		
Foundation Payments	\$289,030	\$319,598
Tuition and Fees	0	200
Total Operating Revenues	289,030	319,798
Operating Expenses		
Purchased Services	389,689	379,991
Materials and Supplies	29,923	15,031
Depreciation	1,116	1,116
Other Operating Expense	38,435	24,999
Total Operating Expenses	459,163	421,137
Operating Loss	(170,133)	(101,339)
Nonoperating Revenues		
Federal and State Restricted Grants	161,436	114,116
State Unrestricted Grants	9,660	12,596
Contributions and Donations	41,259	9,000
Investment Earnings	69	519
Total Nonoperating Revenues	212,424	136,231
Total Change in Net Position	42,291	34,892
Net Position Beginning of Year	236,840	201,948
Net Position End of Year	\$279,131	\$236,840

# ***COSHOCTON OPPORTUNITY SCHOOL***

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***Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021***

***Unaudited***

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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 2021 indicate an increase in net position of \$42,291 and ending net position of \$279,131. This increase in net position can mostly be attributed to an increase in grants.

## **BUDGET**

Community schools are statutorily required to adopt a budget by Ohio Revised Code 3314.032(C). However, unlike traditional public schools located in the State of Ohio, community schools are not required to follow the specific budgetary process and limits set forth in the Ohio Revised Code Chapter 5705, unless specifically provided in the contract with the Sponsor. The contract between the Opportunity School and its Sponsor does not require the Opportunity School to follow the provisions of Ohio Revised Code Chapter 5705; therefore, no budgetary information is presented in the basic financial statements.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At the end of fiscal year 2021 the Opportunity School had \$6,692 net of accumulated depreciation invested in equipment. The following table shows fiscal years 2021 and 2020 balances:

	Business-Type Activities		Increase (Decrease)
	2021	2020	
Equipment	\$11,156	\$11,156	\$0
Less: Accumulated Depreciation	(4,464)	(3,348)	(1,116)
Totals	<u>\$6,692</u>	<u>\$7,808</u>	<u>(\$1,116)</u>

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.

## **CONTACTING THE OPPORTUNITY SCHOOL'S FINANCIAL MANAGEMENT**

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 Dan Lamb, Treasurer Coshocton Opportunity School.

## ***COSHOCTON OPPORTUNITY SCHOOL***

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### ***Statement of Net Position*** ***June 30, 2021***

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<b>Assets:</b>	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$ 271,503
Receivables:	
Intergovernmental	39,428
Prepaid Items	4,031
<i>Total Current Assets</i>	<u>314,962</u>
 <i>Non Current Assets:</i>	
Capital Assets, Net of Accumulated Depreciation	<u>6,692</u>
<b>Total Assets</b>	<u>321,654</u>
 <b>Liabilities:</b>	
<i>Current Liabilities:</i>	
Accounts Payable	535
Rent Payable	29,026
Intergovernmental Payable	<u>12,962</u>
<b>Total Liabilities</b>	<u>42,523</u>
 <b>Net Position:</b>	
Investment in Capital Assets	6,692
Restricted For:	
TANF Program	7,098
Donated Purposes	1,574
Student Wellness and Success Federal Programs	63,006
Broadband	3,600
Coronavirus Relief	2,022
IDEA-B Federal Programs	10,684
Title I Federal Programs	13,816
Title II-A Federal Programs	2,293
Title IV-A Federal Programs	1,588
Unrestricted	<u>166,758</u>
<b>Total Net Position</b>	<u>\$ 279,131</u>

See accompanying notes to the basic financial statements

## ***COSHOCTON OPPORTUNITY SCHOOL***

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### ***Statement of Revenues, Expenses and Changes in Net Position For the Fiscal Year Ended June 30, 2021***

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<b>Operating Revenues:</b>	
Foundation Payments	\$ 289,030
<b>Total Operating Revenues</b>	<u>289,030</u>
<b>Operating Expenses:</b>	
Purchased Services	389,689
Materials and Supplies	29,923
Depreciation	1,116
Other Operating Expense	38,435
<b>Total Operating Expenses</b>	<u>459,163</u>
Operating Loss	(170,133)
<b>Nonoperating Revenues:</b>	
Federal and State Restricted Grants	161,436
State Unrestricted Grants	9,660
Contributions and Donations	41,259
Investment Earnings	69
<b>Total Nonoperating Revenues</b>	<u>212,424</u>
Change in Net Position	42,291
Net Position Beginning of Year	<u>236,840</u>
Net Position End of Year	<u><u>\$ 279,131</u></u>

See accompanying notes to the basic financial statements

## ***COSHOCTON OPPORTUNITY SCHOOL***

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### ***Statement of Cash Flows*** ***For the Fiscal Year Ended June 30, 2021***

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Cash Flows from Operating Activities:

Cash Received for School Foundation	\$280,144
Cash Payments for Goods and Services	(396,364)
Cash Payments for Other Expenses	(37,985)
Net Cash Used by Operating Activities	<u>(154,205)</u>

Cash Flows from Noncapital Financing Activities:

Federal and State Grants Received	140,107
Other Grants	41,259
Net Cash Provided by Noncapital Financing Activities	<u>181,366</u>

Cash Flows from Investing Activities:

Receipt of Interest	69
Net Cash Provided by Investing Activities	<u>69</u>

Net Increase in Cash and Cash Equivalents	27,230
Cash and Cash Equivalents at Beginning of Year	244,273
Cash and Cash Equivalents at End of Year	<u>\$271,503</u>

Reconciliation of Operating Loss to Net Cash

Used by Operating Activities:

Operating Loss	(\$170,133)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	1,116
Changes in Assets and Liabilities:	
Increase in Intergovernmental Receivable	(7,205)
Increase in Prepaid Items	(931)
Increase in Accounts Payable	91
Increase in Rent Payable	29,026
Decrease in Intergovernmental Payable	(6,169)
Total Adjustments	<u>15,928</u>
Net Cash Used by Operating Activities	<u>(154,205)</u>

See accompanying notes to the basic financial statements

## ***COSHOCTON OPPORTUNITY SCHOOL***

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021***

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#### **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. The Opportunity School operates 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 began accepting students on March 9, 2006. On December 15, 2018, the Ohio Department of Education assumed sponsorship of the Opportunity School from the Coshocton City School District. 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. See Note 5 for further detail on the sponsor contract.

The Opportunity School operates under the direction of a five-member Governing Authority. 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 accounting policies and financial reporting practices of the Opportunity School conform to accounting principles generally accepted in the United States of America 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***

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021***

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#### **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 and liabilities 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.



# ***COSHOCTON OPPORTUNITY SCHOOL***

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021***

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### **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**

Community schools are statutorily required to adopt a budget by Ohio Revised Code 3314.032(C). However, unlike traditional public schools located in the State of Ohio, community schools are not required to follow the specific budgetary process and limits set forth in the Ohio Revised Code Chapter 5705, unless specifically provided in the contract with the Sponsor. The contract between the Opportunity School and its Sponsor does not require the Opportunity School to follow the provisions of Ohio Revised Code Chapter 5705; therefore, no budgetary information is presented in the basic financial statements.

#### **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 2021, the Opportunity School had no investments.

#### **G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2021, 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 an asset which has a useful life of at least one year and an initial cost equal to or exceeding \$5,000.

##### **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 acquisition value at the date received.

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## ***COSHOCTON OPPORTUNITY SCHOOL***

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021***

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#### **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 and liabilities. 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***

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021***

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#### **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 \$271,503 and the bank balance was \$312,770. 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 its deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits, or participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

*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, 2021.

## ***COSHOCTON OPPORTUNITY SCHOOL***

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021***

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#### **NOTE 3 - CAPITAL ASSETS**

Summary by category of changes in capital assets at June 30, 2021:

***Historical Cost:***

<u>Class</u>	<u>Balance June 30, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2021</u>
<b><i>Capital Assets being depreciated:</i></b>				
Equipment	<u>\$11,156</u>	<u>\$0</u>	<u>\$0</u>	<u>\$11,156</u>
Total Cost	<u>\$11,156</u>	<u>\$0</u>	<u>\$0</u>	<u>\$11,156</u>

***Accumulated Depreciation:***

<u>Class</u>	<u>Balance June 30, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2021</u>
Equipment	<u>(\$3,348)</u>	<u>(\$1,116)</u>	<u>\$0</u>	<u>(\$4,464)</u>
Total Depreciation	<u>(\$3,348)</u>	<u>(\$1,116)</u>	<u>\$0</u>	<u>(\$4,464)</u>
<b><i>Net Value:</i></b>	<u>\$7,808</u>			<u>\$6,692</u>

#### **NOTE 4 – OPERATING LEASE**

The Opportunity School leases portions of a building from the Coshocton City School District. The lease agreement is for monthly lease payments of \$2,237 in fiscal year 2021. At June 30, 2021, the Opportunity School is reporting a payable of \$29,026 to Coshocton City School District for rent.

#### **NOTE 5 - SPONSOR CONTRACT**

Effective December 15, 2018, the Ohio Department of Education took over sponsorship of the Opportunity School. As sponsor, the Ohio Department of Education is responsible for the following:

- Monitoring the Opportunity School’s compliance with the laws applicable to the Opportunity School and with the terms of the contract;
- Monitoring and evaluating the academic and fiscal performance and the organization of the Opportunity School on at least an annual basis;
- Providing reasonable technical assistance to the Opportunity School in complying with the contract and with applicable laws (provided, however, the Sponsor shall not be obligated to give legal advice to the Opportunity School);

## ***COSHOCTON OPPORTUNITY SCHOOL***

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021***

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#### **NOTE 5 - SPONSOR CONTRACT (Continued)**

- Taking steps to intervene in the Opportunity School's operations at the Sponsor's discretion to correct problems in the Opportunity School's overall performance, declare the Opportunity School to be on probationary status pursuant to ORC Section 3314.073, suspend operation of the Opportunity School pursuant to ORC Section 3314.072, or terminate or non-renew the contract pursuant to ORC Section 3314.07, as determined necessary by the Sponsor;
- Establishing and/or requiring a plan of action to be undertaken if the Opportunity School experiences financial difficulties or closes before the end of the school year. Such plan or requirements for such plan shall be set out by the Sponsor as and when financial difficulties arise in a customized tailored manner to address the source of difficulties; and
- Reporting on an annual basis the results of the annual financial evaluation performed on the Opportunity School by the Sponsor.

#### **NOTE 6 – 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 Liberty Mutual Insurance Company for general liability insurance and property insurance. The entire risk of loss, less any deductibles, transfers to the commercial carrier. Liberty Mutual Insurance Company provides general liability coverage up to \$1,000,000 each occurrence and \$3,000,000 aggregate.

Liberty Mutual Insurance Company provides property, crime, and equipment breakdown insurance coverage. The property coverage insures personal property up to a blanket limit of \$70,000 with a \$1,000 deductible. Opportunity School errors and omissions covers up to \$1,000,000.

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

#### **NOTE 7 - 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, 2021.

## ***COSHOCTON OPPORTUNITY SCHOOL***

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021***

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#### **NOTE 7 – CONTINGENCIES (Continued)**

##### **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, 2021.

##### **C. Full Time Equivalency**

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. However, there is an important nexus between attendance and enrollment for Foundation funding purposes. Community schools must provide documentation that clearly demonstrates students have participated in learning opportunities. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end.

Under Ohio Rev. Code Section 3314.08, ODE may also perform a FTE review for the fiscal year that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance.

As of the date of this report, additional ODE adjustments for fiscal year 2021 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2021 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the Opportunity School.

In addition, the Opportunity School's contracts with their Sponsor requires payment based on revenues received from the State. As discussed above, additional FTE adjustments for fiscal year 2021 are not finalized. Until such adjustments are finalized by ODE, the impact on the fiscal year 2021 financial statements, related to additional reconciliation necessary with these contracts/agreements, is not determinable. Management believes this may result in either an additional receivable to, or liability of, the Opportunity School.

#### **NOTE 8 - COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Opportunity School. The impact on the Opportunity School's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

## ***COSHOCTON OPPORTUNITY SCHOOL***

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021***

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#### **NOTE 9 - SUBSEQUENT EVENT**

For fiscal year 2022, community school foundation funding received from the State of Ohio will be funded using a direct funding model. For fiscal year 2021 and prior, the amounts related to students who were residents of a particular school district were funded to the school district who, in turn, made the payment to the respective community school. This new funding system calculates a unique base cost for each community school. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

**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  
1205 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, (the Opportunity School) as of and for the fiscal year ended June 30, 2021, 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 December 20, 2021, wherein we noted the Opportunity School considered the financial impact of COVID-19 as disclosed in Note 8.

***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) as a basis for designing 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.

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 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.

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 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 financial statements. 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 report is not suitable for any other purpose.

*Wilson, Shannon E. Shaw, Inc.*

December 20, 2021  
Newark, Ohio

# OHIO AUDITOR OF STATE KEITH FABER



**COSHOCTON OPPORTUNITY SCHOOL**

**COSHOCTON COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 2/8/2022**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)