



OHIO AUDITOR OF STATE
KEITH FABER



**MAHONING VALLEY OPPORTUNITY CENTER
MAHONING COUNTY
JUNE 30, 2018**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Financial Statements:	
Statement of Net Position – Cash Basis	3
Statement of Cash Receipts, Cash Disbursements and Changes in Net Cash - Cash Basis	4
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	5
Schedule of Findings.....	7

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Mahoning Valley Opportunity Center
Mahoning County
PO Box 549
New Middletown, Ohio 44442

To the Governing Board:

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the cash balances, receipts and disbursements of the Mahoning Valley Opportunity Center, Mahoning County, Ohio (MVOC), as of and for the year ended June 30, 2018.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the accounting principles generally accepted in the United States of America. This responsibility includes the 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 conducted our engagement 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.

Because of the matter described in the Basis for Disclaimer of Opinion paragraph; however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

Management has not provided the Auditor of State with a complete set of financial statements, including management's discussion and analysis, a cash flow statement, and notes to the financial statements. Also, the MVOC prepared these financial statements using the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, but did not prepare notes the financial statements. However, Ohio Administrative Code Section 117-2-03(B) requires these statements to follow accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumably material and would have resulted in an additional opinion modification if we had opined on the financial statements.

Disclaimer of Opinion

Due to the significance of the matters discussed in *the Basis for Disclaimer of Opinion* paragraph, we were unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements for the year ended June 30, 2018.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2019, on our consideration of the 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 engagement performed in accordance with *Government Auditing Standards* in considering the MVOC's internal control over financial reporting and compliance.



Keith Faber
Auditor of State

Columbus, Ohio

June 6, 2019

Mahoning Valley Opportunity Center
Statement of Net Position - Cash Basis
June 30, 2018

	Governmental Activities
Assets	
Cash	\$6,971
<i>Total Assets</i>	<u>\$6,971</u>
Net Position	
<i>Total Net Position</i>	<u>\$6,971</u>

Mahoning Valley Opportunity Center
Statement of Receipts, Disbursements and Changes in Fund Net Position - Cash Basis

For the Fiscal Year Ended June 30, 2018

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Operating Receipts	
State Foundation	\$175,932
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<i>Total Operating Receipts</i>	<i>175,932</i>
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Operating Disbursements	
Salaries and Wages	210,231
Fringe Benefits	53,270
Purchased Services	37,896
Supplies and Materials	7,101
Other	12,641
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<i>Total Operating Disbursements</i>	<i>321,139</i>
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<i>Operating Income (Loss)</i>	<i>(145,207)</i>
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Non-Operating Receipts (Disbursements)	
Federal and State Grants	64,098
Interest	3
Sale of Assets	12,790
Refund of Prior Year Expenditures	16,902
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<i>Total Non-Operating Receipts (Disbursements)</i>	<i>93,793</i>
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<i>Change in Net Position</i>	<i>(51,414)</i>
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<i>Net Position Beginning of Year</i>	<i>58,385</i>
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<i>Net Position End of Year</i>	<i>\$6,971</i>
	<hr/> <hr/>

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

Mahoning Valley Opportunity Center
Mahoning County
PO Box 549
New Middletown, Ohio 44442

To the Governing Board:

We were engaged to audit, 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 cash balances, receipts, and disbursements of the Mahoning Valley Opportunity Center, Mahoning County, (the MVOC) as of and for the year ended June 30, 2018, and have issued our report thereon dated June 6, 2019 wherein we noted the MVOC followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We did not opine on these financial statements because the MVOC did not file notes to the financial statements, which are an integral part of the financial statements.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the MVOC'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 MVOC'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 MVOC'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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2018-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the MVOC'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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2018-001 through 2018-002.

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 MVOC's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the MVOC's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

June 6, 2019

**MAHONING VALLEY OPPORTUNITY CENTER
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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1. GAAP Reporting

<i>Finding Number</i>	2018-001
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Noncompliance and Material Weakness

Ohio Rev. Code § 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

Ohio Admin. Code § 117-2-03(B) which further clarifies the requirements of Ohio Rev. Code § 117.38, requires the Entity to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

The District prepared financial statements in accordance with standards established by the Auditor of State for governmental entities that are not required to prepare reports in accordance with generally accepted accounting principles. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. The accompanying financial statements omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time. Additionally the District failed to file the required accompanying notes to the financial statements which led to the disclaimer of opinion.

Pursuant to Ohio Rev. Code § 117.38 the District may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the District's ability to evaluate and monitor the overall financial condition of the District. To help provide the users with more meaningful financial statements, the District should prepare its annual financial statements according to generally accepted accounting principles.

Official's Response: We did not receive a response from Officials to this finding.

2. Closing Procedures and Outstanding Liabilities

<i>Finding Number</i>	2018-002
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Noncompliance

Ohio Revised Code Section 3314.015(E) states the department (of education) shall adopt procedures for use by a community school governing authority and sponsor when the school permanently closes and ceases operation, which shall include at least procedures for data reporting to the department, handling of student records, distribution of assets in accordance with section 3314.074 of the Revised Code, and other matters related to ceasing operation of the school.

Ohio Department of Education (ODE), Community Schools Guidance Letter 2010-3 states sponsors must provide and execute a plan for an orderly wrap-up of a community school's affairs upon a permanent closure of a community school, preferably prior to the school closing its doors. A school is officially closed when instruction is no longer taking place and the governing authority or sponsor issues an official notice which states the date of the school's closure. The sponsor and a representative of the governing board are required to complete and sign the Assurance to ODE Form. The role of the sponsor in this process is to assure that the governing authority of the community school has taken required actions to properly address closing issues and/or to take those actions itself if the governing authority is no longer able or functioning. Inasmuch as a plan for school closure is a required part of the school's contract with the sponsor, final preparations as part of that plan should be in place prior to the last day students are in attendance.

The Mahoning Valley Opportunity Center (MVOC) closed its doors on October 31, 2017. While the Mahoning Valley Opportunity Center (MVOC) worked closely with the Ohio Department of Education (ODE) in closing the community school, there was no evidence the MVOC created a Frequently Asked Questions Document as listed in the ODE-issued Closing Assurances. There was also no evidence MVOC created talking points for parents, faculty, community and press, focusing on plans for an orderly transition, which is also listed in the Closing Assurances.

Further, the MVOC did not establish Use of Reserve Funds to support the orderly closure of the community school, also listed in ODE's Closing Assurances. As a result, the MVOC owes the Ohio Department of Education (ODE) \$58,978.

We also noted the following during testing:

- On September 8, 2018, MVOC received a letter from the Ohio Attorney General's Office (OAG) notifying the MVOC that \$38,204 in Unemployment Compensation obligations was certified to the OAG's office.
- On November 28, 2017, MVOC received a letter from a law firm asking for payment for services rendered and expenses incurred from October 1, 2017, through October 31, 2017, in the amount of \$1,384.

These amounts remain unpaid as of the date of this report.

Mahoning Valley Opportunity Center should not have incurred costs they would not be able to pay and should have followed the required closing procedures as outlined by ODE.

Official's Response: We did not receive a response from Officials to this finding.

OHIO AUDITOR OF STATE KEITH FABER



MAHONING VALLEY OPPORTUNITY CENTER

MAHONING 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
JUNE 20, 2019**