



Dave Yost • Auditor of State



COSHOCTON OPPORTUNITY SCHOOL  
COSHOCTON COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Directors:

We have audited the accompanying basic financial statements of the Coshocton Opportunity School, Coshocton County, Ohio (the School), a component unit of the Coshocton City School District, as of and for the year ended June 30, 2012, as listed in the Table of Contents. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our 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, 2012, and respective the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2013, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* as 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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

**Dave Yost**  
Auditor of State

February 19, 2013

# **COSHOCTON OPPORTUNITY SCHOOL**

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

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***Management's Discussion and Analysis***  
***For the Fiscal Year Ended June 30, 2012***

***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, 2012. 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 Assets at June 30, 2012 were \$196,784.
- Operating revenues accounted for \$346,027 in revenue or 92% 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 all liabilities are included on the statement of net assets. The statement of net assets represents the basic statement of position for the Opportunity School. The statement of revenues, expenses, and changes in net assets presents increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. 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 on 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.

The following tables represent the Opportunity School's condensed financial information for 2012 and 2011 derived from the statement of net assets and the statement of revenues, expenses, and changes in net assets.

# 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, 2012**

**Unaudited**

	Net Assets	
	2012	2011
Current and other assets	\$184,449	\$294,926
Capital assets, Net	28,336	49,737
Total assets	212,785	344,663
Other liabilities	16,001	16,567
Total liabilities	16,001	16,567
Net assets		
Invested in capital assets	28,336	49,737
Restricted	46,567	47,666
Unrestricted	121,881	230,693
Total net assets	\$196,784	\$328,096

Changes in Net Assets – The following table shows the changes in net assets for the fiscal year 2012 and 2011:

	Change in Net Assets	
	2012	2011
Revenues		
Foundation Payments	\$344,750	\$399,117
Tuition and Fees	927	570
All Other Revenue	350	3,792
Total revenues	346,027	403,479
Expenses		
Salaries and Wages	1,350	1,300
Purchased Services	456,470	479,763
Supplies and Materials	5,635	56,732
Depreciation	29,360	31,528
Other Operating Expense	15,875	7,134
Total expenses	508,690	576,457
Operating Loss	(162,663)	(172,978)
Nonoperating Revenues (Expenses)		
Federal and State Restricted Grants	31,136	100,082
Investment Earnings	215	60
Total Nonoperating Revenues (Expenses)	31,351	100,142
Total Change in Net Assets	(131,312)	(72,836)
Net Assets Beginning of Year	328,096	400,932
Net Assets End of Year	\$196,784	\$328,096

# 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, 2012*

*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 2012 indicate a decrease in net assets of \$131,312 and ending net assets of \$196,784. The decrease is the result of a reduction in Foundation Payments and Federal Grants.

## 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 2012 the Opportunity School had \$28,336 net of accumulated depreciation invested in equipment. The following table shows fiscal years 2012 and 2011:

	Business-Type Activities		Increase (Decrease)
	2012	2011	
Equipment	\$167,008	\$159,049	\$7,959
Less: Accumulated Depreciation	(138,672)	(109,312)	(29,360)
Totals	<u>\$28,336</u>	<u>\$49,737</u>	<u>(\$21,401)</u>

Additional information on the Opportunity School's capital assets can be found in Note 4.

### Debt

The Opportunity School has not issued any debt.

## REQUESTS FOR INFORMATION

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 Gary L. Lowe, Treasurer Coshocton Opportunity School.

# COSHOCTON OPPORTUNITY SCHOOL

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

## Statement of Net Assets June 30, 2012

### Assets:

#### Current Assets:

Cash and Cash Equivalents	\$	181,921
Receivables:		
Intergovernmental		661
Prepaid Items		1,867
<b>Total Current Assets</b>		<u>184,449</u>

#### Non Current Assets:

Capital Assets, Net of Accumulated Depreciation		<u>28,336</u>
<b>Total Assets</b>		<u>212,785</u>

### Liabilities:

#### Current Liabilities:

Due to Primary Government		<u>16,001</u>
<b>Total Liabilities</b>		<u>16,001</u>

### Net Assets

Invested in Capital Assets		28,336
Restricted For:		
TANF Program		39,478
Donated Programs		3,428
State Funded Programs		3,000
Education Jobs Program		661
Unrestricted		<u>121,881</u>
<b>Total Net Assets</b>	\$	<u>196,784</u>

# **COSHOCTON OPPORTUNITY SCHOOL**

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

## **Statement of Revenues, Expenses and Changes in Net Assets For the Fiscal Year Ended June 30, 2012**

<b>Operating Revenues:</b>	
Foundation Payments	\$ 344,750
Tuition and Fees	927
All Other Revenue	350
<b>Total Operating Revenues</b>	<b>346,027</b>
<b>Operating Expenses:</b>	
Salaries and Wages	1,350
Purchased Services	456,470
Supplies and Materials	5,635
Depreciation	29,360
Other Operating Expense	15,875
<b>Total Operating Expenses</b>	<b>508,690</b>
Operating Loss	(162,663)
<b>Nonoperating Revenue (Expenses):</b>	
Federal and State Restricted Grants	31,136
Investment Earnings	215
<b>Total Nonoperating Revenues</b>	<b>31,351</b>
Change in Net Assets	(131,312)
Net Assets Beginning of Year	328,096
Net Assets End of Year	<u>\$ 196,784</u>

# 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, 2012

<u>Cash Flows from Operating Activities:</u>	
Cash Received for School Foundation	\$348,492
Cash Received from Other Revenue	1,277
Cash Payments to Employees	(1,350)
Cash Payments for Purchased Services	(304,087)
Cash Payments for Goods and Services	(158,749)
Cash Payments for Other Expenses	(15,875)
Net Cash Used by Operating Activities	<u>(130,292)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>	
Federal and State Restricted Grants Received	<u>32,235</u>
Net Cash Provided by Noncapital Financing Activities	<u>32,235</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Acquisition and Construction of Assets	<u>(7,959)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(7,959)</u>
<u>Cash Flows from Investing Activities:</u>	
Receipt of Interest	<u>215</u>
Net Cash Provided by Investing Activities	<u>215</u>
Net Decrease in Cash and Cash Equivalents	(105,801)
Cash and Cash Equivalents at Beginning of Year	<u>287,722</u>
Cash and Cash Equivalents at End of Year	<u>\$181,921</u>
<u>Reconciliation of Operating Loss to Net Cash</u>	
<u>Used by Operating Activities:</u>	
Operating Loss	(\$162,663)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	29,360
Changes in Assets and Liabilities:	
Decrease in Intergovernmental Receivable	3,742
Increase in Prepaid Items	(165)
Decrease in Due to Primary Government	(566)
Total Adjustments	<u>32,371</u>
Net Cash Used by Operating Activities	<u>(\$130,292)</u>

# ***COSHOCTON OPPORTUNITY SCHOOL***

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

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012***

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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. 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. 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.

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# COSHOCTON OPPORTUNITY SCHOOL

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

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## *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012*

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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 assets, a statement of revenues, expenses and change in net assets, and a statement of cash flows. Enterprise reporting focuses on the determination of the change in net assets, financial position and cash flows.

#### **C. Measurement Focus**

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. 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.

Pursuant to GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting," the Opportunity School follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. The Opportunity School has elected not to apply FASB statements and interpretations issued after November 30, 1989 to its enterprise funds.

***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 unearned revenue.

# **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, 2012**

### **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 repurchase agreement, and investments with original maturities of three months or less. During fiscal year 2012, the Opportunity School had no investments.

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

Payments made to vendors for services that will benefit periods beyond June 30, 2012, 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.

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**COSHOCTON OPPORTUNITY SCHOOL**

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

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***Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012***

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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. 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 Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their 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 assets are 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, 2012

### NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS

At year end the carrying amount of the Opportunity School's deposits was \$52,485 and the bank balance was \$55,397. 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.

The Opportunity School's Investments at June 30, 2012 were in a repurchase agreement with a fair market value of \$129,436. It has an expected maturity of less than one year. Credit rating is not applicable.

*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. Of the Opportunity School's investment in repurchase agreements, the entire balance is collateralized by underlying securities pledged by the investment's counterparty, not in the name of the Opportunity School.

### **Reconciliation of Cash, Cash Equivalents and Investments**

The classification of cash, cash equivalents and investments on the financial statements is based on criteria set forth in GASB Statement No. 40. Certificates of deposit with an original maturity of three months or less are treated as cash equivalents. The classification of cash and cash equivalents (deposits) for purposes of this note are based on criteria set forth in GASB Statement No. 3.

	Cash and Cash Equivalents	Investments
Per Financial Statements	\$181,921	\$0
Repurchase Agreements	(129,436)	129,436
Per GASB Statement No. 3	<u>\$52,485</u>	<u>\$129,436</u>

# 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, 2012

### NOTE 3 - RECEIVABLES

Receivables at June 30, 2012 consisted of intergovernmental receivables. The total is for a Federal Restricted Grant and Foundation Payments of which 100% is considered collectible.

### NOTE 4 - CAPITAL ASSETS

Summary by category of changes in capital assets at June 30, 2012:

<i>Historical Cost:</i>				
<u>Class</u>	<u>Balance June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>
<i>Capital Assets being depreciated:</i>				
Equipment	<u>\$159,049</u>	<u>\$7,959</u>	<u>\$0</u>	<u>\$167,008</u>
Total Cost	<u>\$159,049</u>	<u>\$7,959</u>	<u>\$0</u>	<u>\$167,008</u>
<i>Accumulated Depreciation:</i>				
<u>Class</u>	<u>Balance June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>
Equipment	<u>(\$109,312)</u>	<u>(\$29,360)</u>	<u>\$0</u>	<u>(\$138,672)</u>
Total Depreciation	<u>(\$109,312)</u>	<u>(\$29,360)</u>	<u>\$0</u>	<u>(\$138,672)</u>
<i>Net Value:</i>	<u>\$49,737</u>			<u>\$28,336</u>

# **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, 2012**

### **NOTE 5 – 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, 2009 and ended on June 30, 2012. The Opportunity School annually pays the Sponsor \$1,800 per student in equal monthly installments. For fiscal year 2012 the Opportunity School paid the Sponsor \$110,400 in rent.

A new lease was entered into on July 1, 2012 and ends on June 30, 2015. The Opportunity School will pay the Sponsor \$1,800 per student in equal monthly installments.

#### **B. Service Agreement**

In fiscal year 2012 the Opportunity School paid the Sponsor \$304,087 for services provided by the Sponsor to the Opportunity School. Also at fiscal year end, the Opportunity School had an outstanding payable of \$16,001 to the Sponsor for services provided.

### **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. On January 18, 2012, 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 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.

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# **COSHOCTON OPPORTUNITY SCHOOL**

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

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***Notes to the Basic Financial Statements***  
***For the Fiscal Year Ended June 30, 2012***

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**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, 2012.

**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, 2012.

**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 2012 as a result of such review.



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' 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 the financial statements of the Coshocton Opportunity School, Coshocton County, Ohio, (the School), a component unit of the Coshocton City School District, as of and for the year ended June 30, 2012, and have issued our report thereon dated February 19, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

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

In planning and performing our audit, we considered the School's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the School's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the School's internal control over financial reporting.

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 more than a reasonable possibility that a material misstatement of the School's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of reasonably assuring whether the 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, providing an opinion 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*.

We did note certain matters not requiring inclusion in this report that we reported to the Coshocton Opportunity School's management in a separate letter dated February 19, 2013.

We intend this report solely for the information and use of management, the Board of Directors, the School's sponsor and others within the School. We intend it for no one other than these specified parties.

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

**Dave Yost**  
Auditor of State

February 19, 2013

**COSHOCTON OPPORTUNITY SCHOOL  
COSHOCTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2011-001	Ohio Rev. Code Section 117.38 - The School did not file required GAAP financial statements with the Auditor of State and did not publish required notices.	No	Partially, Refer to Management Letter.
2011-002	Capital Asset Reporting – The School did not have a formal capital asset reporting policy.	No	Partially, Refer to Management Letter.
2011-003	Financial Reporting - The School had material classifications errors and several audit adjustments	Yes	Finding No Longer Valid

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# Dave Yost • Auditor of State

## Independent Accountants' Report on Applying Agreed-Upon Procedure

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

To the Board of Directors:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether the Coshocton Opportunity School, Coshocton County, Ohio (the School) has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on May 10, 2012.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
  - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
  - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666, as amended by House Bill 19 of the 128<sup>th</sup> General Assembly;
  - (3) A procedure for reporting prohibited incidents;
  - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;

- (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
- (6) A procedure for documenting any prohibited incident that is reported;
- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and School's sponsor and is not intended to be and should not be used by anyone other than these specified parties.



**Dave Yost**  
Auditor of State

January 31, 2013



# 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  
MARCH 12, 2013**