

**ZANESVILLE COMMUNITY HIGH SCHOOL**

**REGULAR AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2020**

***Wilson, Phillips & Agin, CPA's, Inc.  
1100 Brandywine Blvd. Building G  
Zanesville, Ohio 43701***



OHIO AUDITOR OF STATE  
KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
IPAReport@ohioauditor.gov  
(800) 282-0370

Board of Directors  
Zanesville Community High School  
920 Moxahala Avenue  
Zanesville, Ohio 43701

We have reviewed the *Independent Auditor's Report* of the Zanesville Community High School, Muskingum County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period July 1, 2019 through June 30, 2020. 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 Zanesville Community High School is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

March 16, 2021

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**ZANESVILLE COMMUNITY HIGH SCHOOL  
MUSKINGUM COUNTY**

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.  
1100 BRANDYWINE BLVD. BUILDING G  
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT**

Zanesville Community High School  
Muskingum County  
920 Moxahala Avenue  
Zanesville, Ohio 43701

To the Board of Directors:

**Report on the Financial Statements**

We have audited the accompanying financial statements of the Zanesville Community High School, Muskingum County, Ohio (the School), a component unit of the Zanesville City School District, Muskingum County, Ohio as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the 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 District'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 District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Zanesville Community High School, Muskingum County, Ohio as of June 30, 2020, and the respective changes in its financial position and its cash flows, thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis* listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for the 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 a report dated January 12, 2021, on our consideration of the Zanesville Community High 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 Zanesville Community High School's internal control over financial reporting and compliance.

***Wilson, Phillips & Agin, CPA's, Inc.***  
Zanesville, Ohio  
January 12, 2021



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# **ZANESVILLE COMMUNITY HIGH SCHOOL, OHIO**

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## ***Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2020***

***Unaudited***

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This discussion and analysis of Zanesville Community High School's (High School) financial performance provides an overall review of the High School's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the High 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 High School's financial performance.

### **FINANCIAL HIGHLIGHTS**

Key financial highlights for fiscal year 2020 are as follows:

- Net position was \$227,710 at June 30, 2020.
- The High School had operating revenues of \$1,035,508, operating expenses of \$1,109,871, and non-operating revenues of \$80,491 for fiscal year 2019. The total change in net position for the fiscal year was an increase of \$6,128.

### **USING THIS ANNUAL FINANCIAL REPORT**

This annual report consists of a series of financial statements and notes to those statements.

The statement of net position and the statement of revenues, expenses, and changes in net position reflect how the High School did financially during fiscal year 2020. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the period revenues and expenses regardless of when cash is received or paid.

These statements report the High School's net position and changes in net position. This change in net position is important because it tells the reader whether the financial position of the High School has increased or decreased during the period. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating.

All of the High School's activities are reported in a single enterprise fund.

## **ZANESVILLE COMMUNITY HIGH SCHOOL, OHIO**

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***Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020***

***Unaudited***

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The following table provides a summary of the High School's net position for fiscal year 2020 compared to fiscal year 2019.

	2020	2019
Current Assets	\$365,200	\$434,638
Capital Assets, Net	6,770	8,059
Total Assets	<u>371,970</u>	<u>442,697</u>
Current Liabilities	144,260	221,115
Total Liabilities	<u>144,260</u>	<u>221,115</u>
Net Position:		
Investment in Capital Assets	6,770	8,059
Unrestricted	220,940	213,523
Total Net Position	<u><u>\$227,710</u></u>	<u><u>\$221,582</u></u>

The High School has a net position of \$227,710 at fiscal year-end, which is an increase of \$6,128 from fiscal year 2019. Total assets decreased \$70,727. This decrease is due to the net effect between a decrease in cash and cash equivalents of \$81,448, an increase in intergovernmental receivables of \$19,733, a decrease in prepaid items of \$7,723 and a decrease in capital assets of \$1,289 related to depreciation for fiscal year 2019.

Total liabilities decreased \$76,855 during fiscal year 2020. This decrease is due to a decrease of \$47,484 in intergovernmental payable, specifically related to foundation adjustments. The amount owed to the Zanesville City School District also decreased by \$28,326 compared to fiscal year 2019.

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## **ZANESVILLE COMMUNITY HIGH SCHOOL, OHIO**

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**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020**

**Unaudited**

Changes in Net Position – The following table shows the changes in net position for fiscal year 2020 compared to fiscal year 2019:

	2020	2019	Increase (Decrease)
<b>Revenues</b>			
Operating Revenues:			
Foundation	\$1,035,175	\$871,058	\$164,117
Contributions and Donations	0	25	(25)
Sales	333	0	333
Total Operating Revenues	<u>1,035,508</u>	<u>871,083</u>	<u>164,425</u>
Non-Operating Revenues:			
Operating Grants	80,491	168,074	(87,583)
<b>Total Revenues</b>	<u>1,115,999</u>	<u>1,039,157</u>	<u>76,842</u>
<b>Operating Expenses</b>			
Purchased Services	1,063,253	1,126,557	(63,304)
Supplies and Materials	37,919	234,036	(196,117)
Depreciation	1,289	1,289	0
Other Operating Expenses	7,410	0	7,410
<b>Total Operating Expenses</b>	<u>1,109,871</u>	<u>1,361,882</u>	<u>(252,011)</u>
<b>Change in Net Position</b>	6,128	(322,725)	328,853
<b>Beginning Net Position</b>	<u>221,582</u>	<u>544,307</u>	<u>(322,725)</u>
<b>Ending Net Position</b>	<u><u>\$227,710</u></u>	<u><u>\$221,582</u></u>	<u><u>\$6,128</u></u>

During fiscal year 2020, total revenues increased \$76,842. This change is primarily due to an increase in foundation revenue in the amount of \$164,117, which is a result of modifications in the calculation of the funding components for the special education categories by the Ohio Department of Education (ODE). Contributions and donations, charges for services, and operating grants held steady when compared to fiscal year 2019.

During fiscal year 2020, operating expenses decreased \$252,011 across both purchased services and supplies and materials, offset by a \$7,410 increase in other operating expenses. The decrease in materials and supplies is due to additional material and supplies being purchased for various classroom materials in fiscal year 2019 and not repeated at the same level in 2020.

### **Budgeting**

The Zanesville Community High School is not required to follow the budgetary provisions set forth in Ohio Revised Code Chapter 5705.

# **ZANESVILLE COMMUNITY HIGH SCHOOL, OHIO**

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*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020*

*Unaudited*

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## **Capital Assets and Debt Administration**

### Capital Assets

Accumulated depreciation at June 30, 2020, amounted to \$6,123; therefore, the capital assets, net of accumulated depreciation, were \$6,770. See Note 5 for more information.

### Debt

The Zanesville Community High School had no debt during fiscal year 2020.

## **Current Design**

The Zanesville Community High School is different than a traditional high school in that the Zanesville Community High School is designed to be an open, non-discriminatory atmosphere where students can work at their own pace to earn a high school diploma. Zanesville Community High School operates by joining forces with the area social agencies in an effort to increase a student's developmental assets and eliminate the barriers to academic achievement.

## **Contacting the Zanesville Community High School's Financial Management**

This financial report is designed to provide citizens, taxpayers, and creditors with a general overview of the Zanesville Community High School's finances and to show the Zanesville Community High School's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Michael Young, Treasurer, Zanesville Community High School, 956 Moxahala Ave, Zanesville, Ohio 43701. You may also e-mail the Treasurer at [myoung@zanesville.k12.oh.us](mailto:myoung@zanesville.k12.oh.us).

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## **ZANESVILLE COMMUNITY HIGH SCHOOL, OHIO**

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### ***Statement of Net Position*** ***June 30, 2020***

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**Assets:**

*Current Assets:*

Cash and Cash Equivalents \$ 282,443

Receivables:

Intergovernmental 70,213

Prepaid Items 12,544

*Total Current Assets* 365,200

*Non Current Assets:*

Depreciable Capital Assets, Net 6,770

**Total Assets** 371,970

**Liabilities:**

*Current Liabilities:*

Due to Primary Government 144,260

**Total Liabilities** 144,260

**Net Position:**

Net Investment in Capital Assets 6,770

Unrestricted 220,940

**Total Net Position** \$ 227,710

See accompanying notes to the basic financial statements

## **ZANESVILLE COMMUNITY HIGH SCHOOL, OHIO**

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### ***Statement of Activities*** ***For the Fiscal Year Ended June 30, 2020***

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<b>Operating Revenues:</b>	
Foundation	\$ 1,035,175
Sales	333
<b>Total Operating Revenues</b>	<u>1,035,508</u>
<b>Operating Expenses:</b>	
Purchased Services	1,063,253
Supplies and Materials	37,919
Depreciation	1,289
Other Operating Expenses	<u>7,410</u>
<b>Total Operating Expenses</b>	<u>1,109,871</u>
Operating Loss	(74,363)
<b>Nonoperating Revenue (Expenses):</b>	
Operating Grants	<u>80,491</u>
Change in Net Position	6,128
Net Position Beginning of Year	<u>221,582</u>
Net Position End of Year	<u>\$ 227,710</u>

See accompanying notes to the basic financial statements



## **ZANESVILLE COMMUNITY HIGH SCHOOL, OHIO**

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### ***Statement of Cash Flows*** ***For the Fiscal Year Ended June 30, 2020***

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<u>Cash Flows from Operating Activities:</u>	
Cash Received from Foundation	\$918,116
Cash Received from Sales	333
Cash Payments for Goods and Services	(1,130,018)
Net Cash Used by Operating Activities	<u>(211,569)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>	
Operating Grants Received	<u>130,121</u>
Net Decrease in Cash and Cash Equivalents	(81,448)
Cash and Cash Equivalents at Beginning of Year	<u>363,891</u>
Cash and Cash Equivalents at End of Year	<u><u>\$282,443</u></u>
<u>Reconciliation of Operating Loss to Net Cash</u>	
<u>Used by Operating Activities:</u>	
Operating Loss	(\$74,363)
Adjustments to Reconcile Operating Loss to	
Net Cash Used by Operating Activities:	
Depreciation Expense	1,289
Changes in Assets and Liabilities:	
Increase in Intergovernmental Receivable	(69,363)
Decrease in Prepaids	7,723
Decrease in Accounts Payable	(731)
Decrease in Intergovernmental Payable	(47,798)
Decrease in Due to Primary Government	(28,326)
Total Adjustments	<u>(137,206)</u>
Net Cash Used by Operating Activities	<u><u>(\$211,569)</u></u>

See accompanying notes to the basic financial statements

## **ZANESVILLE COMMUNITY HIGH SCHOOL, OHIO**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2020***

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#### **NOTE 1 – DESCRIPTION OF THE SCHOOL**

The Zanesville Community High School (High School) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The High School is an approved tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect the High School's tax exempt status. The High School's mission is to help at-risk students meet Ohio's graduation requirements. The High School focuses on ensuring that basic survival needs are met so that students can achieve success in school. The High School serves high school age students who have dropped out or are at risk of dropping out of school. A particular emphasis is placed on assisting parents and/or pregnant students obtain a high school diploma.

The High School was created on April 16, 2007, by entering a five year contract with the Zanesville City School District (the Sponsor). The High School entered into a new five year contract with the Sponsor on June 21, 2017. This contract was amended in February 2018, in April 2018, and again in September 2018. This contract will expire June 30, 2022. The Sponsor is responsible for evaluating the performance of the High School and has the authority to deny renewal of the contract at its expiration. The Sponsor is also the fiscal agent of the High School with the Treasurer of the Sponsor completing the role of Treasurer for the High School.

The High School operates under the direction of a six-member Governing Authority, made up of six voting community members. Members shall be nominated by the Governing Authority and submitted to the Sponsor's non-voting six-member Board of Directors for final approval. All governing authority members live and/or work in the Zanesville-Muskingum County community as well as to represent the interests of the Muskingum County community. The Governing Authority approves the High School's staff of six classified employees and five certificated full time teaching personnel who provide services to 127 students.

The High School is a component unit of the Sponsor. The sponsor is able to impose its will on the High School and, due to their relationship with the Sponsor, it would be misleading to exclude them. The Sponsor can suspend the High School's operations for any of the following reasons: 1) The High School's failure to meet student performance requirements stated in its contract with the Sponsor, 2) The High School's failure to meet generally accepted standards of fiscal management, 3) The High School's violation of any provisions of the contract with the Sponsor or applicable state or federal law, or 4) Other good cause. The Governing Authority is responsible for carrying out the provisions of the contract which include, but are not limited to, helping create, approve, and monitor the annual budget, develop policies to guide operations, secure funding, and maintain a commitment to vision, mission, and belief statements of the Zanesville Community High School and the students it serves. The High School uses the facilities of the Sponsor.

# ZANESVILLE COMMUNITY HIGH SCHOOL, OHIO

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## *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2020*

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### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the High School have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the High School's accounting policies are described below.

#### **A. Basis of Presentation**

The High 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.

The High School uses a single enterprise fund to present its financial records for the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Enterprise fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods or services.

#### **B. Measurement Focus**

The enterprise fund is accounted for using a flow of economic resources measurement focus. All assets and liabilities associated with the operation of the High School are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position. The statement of cash flows reflects how the High School finances meet its cash flow needs.

#### **C. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The High School's financial statements are prepared using the accrual basis of accounting. 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. Revenue resulting from nonexchange transactions, in which the High School receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the period in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the period when the resources are required to be used or the period when use is first permitted; matching requirements, in which the High School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the High School on a reimbursement basis. Expenses are recognized at the time they are incurred.

## **ZANESVILLE COMMUNITY HIGH SCHOOL, OHIO**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2020***

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#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **D. Budgetary Process**

Unlike other public schools located in the State of Ohio, community schools are not required to follow the budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided by the High School's contract with its Sponsor. The contract between the High School and its Sponsor prescribes an annual budget requirement as part of preparing a five year forecast, which is updated on an annual basis.

##### **E. Cash and Cash Equivalents**

Cash received by the High School is reflected as "Cash and Cash Equivalents" on the statement of net position. Investments with original maturities of three months or less at the time they are purchased are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months are reported as investments. During fiscal year 2020, the Zanesville Community High School had no investments.

##### **F. Capital Assets and Depreciation**

Capital assets for the High School consisted of wood-working equipment for a classroom. Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their acquisition value as of the date received. The High School maintains a capitalization threshold of five thousand dollars. Capital assets are depreciated using the straight-line method. This equipment is depreciated over ten years of useful life.

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

Payments made to vendors for services that will benefit periods beyond June 30, 2020, 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. Net Position**

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the High School or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The High School applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

## **ZANESVILLE COMMUNITY HIGH SCHOOL, OHIO**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2020***

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#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **I. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the High School.

Operating expenses are necessary costs incurred to provide the service that is the primary activity of the High School. All revenues and expenses not meeting this definition are reported as non-operating.

##### **J. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

#### **NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLE**

For fiscal year 2020, the High School implemented Governmental Accounting Standards Board (GASB) Statement No. 95, “Postponement of the Effective Dates of Certain Authoritative Guidance.”

GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by extending the effective dates of certain accounting and financial reporting provisions in Statements and Implementation Guides that were first effective for reporting periods beginning after June 15, 2018. This statement had no effect on beginning net position/fund balance.

## **ZANESVILLE COMMUNITY HIGH SCHOOL, OHIO**

### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2020***

#### **NOTE 4 – CASH AND CASH EQUIVALENTS**

Protection of the High School’s deposits is provided by the Federal Deposit Insurance Corporation (FDIC) or by the financial institutions 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.

Custodial credit risk is the risk that, in the event of a bank failure, the High School’s deposits may not be returned. The School does not have a deposit policy for custodial credit risk. At June 30, 2020, the bank balance of the School’s deposits was \$285,110. Of this bank balance, \$250,000 was covered by federal depository insurance and the remaining balance was covered by OPCS. There are no significant statutory restrictions regarding the deposit and investment of funds by the nonprofit corporation.

#### **NOTE 5 - RECEIVABLES**

Receivables at June 30, 2020 consisted of intergovernmental grant receivables.

#### **NOTE 6 - CAPITAL ASSETS**

Summary by category of changes in capital assets at June 30, 2020:

<i>Historical Cost:</i>	Balance			Balance
Class	June 30, 2019	Additions	Deletions	June 30, 2020
<i>Capital assets being depreciated:</i>				
Equipment	\$12,893	\$0	\$0	\$12,893
Total Cost	<u>\$12,893</u>	<u>\$0</u>	<u>\$0</u>	<u>\$12,893</u>
<i>Accumulated Depreciation:</i>				
Class	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Equipment	(\$4,834)	(\$1,289)	\$0	(\$6,123)
Total Depreciation	<u>(\$4,834)</u>	<u>(\$1,289)</u>	<u>\$0</u>	<u>(\$6,123)</u>
<i>Net Value:</i>	<u>\$8,059</u>			<u>\$6,770</u>

#### **NOTE 7 - RISK MANAGEMENT**

The High School is exposed to various risks of loss related to torts; errors and omissions; and natural disasters. During the fiscal year ended June 30, 2020, the High School had liability insurance through the Zanesville City School District’s policy.

## **ZANESVILLE COMMUNITY HIGH SCHOOL, OHIO**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2020***

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#### **NOTE 8 – RELATED PARTY TRANSACTIONS**

Zanesville City School District, the Sponsor, approves each of the High School’s six board members from the general public. The High School is presented as a component unit of the Sponsor. For fiscal year 2020, \$1,274,278 was provided by the Sponsor for administrative, fiscal, and student services provided to the High School. The High School paid all but \$144,260 of this amount as of June 30, 2020. This amount is reflected as a Due to Primary Government in the financial statements.

<u>Direct Expenses</u>	<u>Instruction Regular</u>	<u>Instruction Special</u>	<u>Instruction Intervention</u>	<u>Support Services</u>	<u>Non-Instructional Services - Other</u>	<u>Total</u>
Professional and Technical Services	\$341,108	\$183,260	\$16,891	\$524,870	\$18,560	1,084,689
Materials and Supplies	10,719	8,647	0	643	17,910	37,919
Other Expense	0	0	0	7,410	0	7,410
Totals	<u>\$351,827</u>	<u>\$191,907</u>	<u>\$16,891</u>	<u>\$532,923</u>	<u>\$36,470</u>	<u>\$1,130,018</u>

Expenses in the table are presented on a cash basis.

#### **NOTE 9 - CONTINGENCIES**

##### **A. Grants**

The High School received financial assistance from federal and state 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the High School. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the High School at June 30, 2020.

##### **B. Litigation**

The High 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, 2020.

**WILSON, PHILLIPS & AGIN, CPA'S, INC.  
1100 BRANDYWINE BLVD. BUILDING G  
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS.**

Zanesville Community High School  
Muskingum County  
920 Moxahala Avenue  
Zanesville, Ohio 43701

To the Board of Directors:

We have audited, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Zanesville Community High School, Muskingum County, a component unit of the Zanesville City School District, Muskingum County, Ohio as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Zanesville Community High School's basic financial statements and have issued our report thereon dated January 12, 2021.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Zanesville Community High 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 opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Zanesville Community High 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 a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Zanesville Community High 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 deficiencies in internal control 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 Zanesville Community High 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 Zanesville Community High School's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Zanesville Community High School's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

***Wilson, Phillips & Agin, CPA's, Inc.***  
Zanesville, Ohio  
January 21, 2021

# OHIO AUDITOR OF STATE KEITH FABER



**ZANESVILLE COMMUNITY HIGH SCHOOL**

**MUSKINGUM 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 3/30/2021**

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)