



Dave Yost • Auditor of State

**FOXFIRE HIGH SCHOOL
MUSKINGUM COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Foxfire High School
Muskingum County
2805 Pinkerton Road
P.O. Box 1818
Zanesville, Ohio 43702

To the Board of Directors:

We have audited the accompanying basic financial statements of the Foxfire High School, Muskingum County, Ohio (the School), a component unit of the Maysville Local School District, Muskingum County, Ohio, as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express opinions 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foxfire High School, Muskingum County, Ohio, as of June 30, 2010, and the changes in 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 28, 2011, 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.

We conducted our audit to opine on the financial statements that collectively comprise the School's basic financial statements taken as a whole. The Federal Awards Receipts and Expenditures Schedule (the Schedule) provides additional information required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This Schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

February 28, 2011

Foxfire High School
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

The discussion and analysis of the Foxfire High School's (the School) financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2010. Readers should also review the basic financial statements and notes to enhance their understanding of the School's financial performance.

Highlights

The School opened for its first year of operation in fiscal year 2004 for high school age students and above who have dropped out or are at risk of dropping out of school. During fiscal year 2010, the School provided services to 259 full-time students.

Using this Annual Financial Report

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

The statement of net assets and the statement of revenues, expenses, and changes in net assets reflect how the School did financially during fiscal year 2010. 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 current fiscal years' revenues and expenses regardless of when cash is received or paid.

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

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

Table 1 provides a summary of the School's net assets for 2010 compared to 2009:

Table 1
Net Assets

	<u>2010</u>	<u>2009</u>	<u>Change</u>
<u>Assets:</u>			
Current and Other Assets	\$536,320	\$280,835	\$255,485
Depreciable Capital Assets, Net	19,765	6,252	13,513
Total Assets	<u>556,085</u>	<u>287,087</u>	<u>268,998</u>
<u>Liabilities:</u>			
Current and Other Liabilities	<u>245,984</u>	<u>165,119</u>	<u>80,865</u>
<u>Net Assets:</u>			
Invested in Capital Assets	19,765	6,252	13,513
Unrestricted	<u>290,336</u>	<u>115,716</u>	<u>174,620</u>
Total Net Assets	<u><u>\$310,101</u></u>	<u><u>\$121,968</u></u>	<u><u>\$188,133</u></u>

Foxfire High School
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

Total assets increased \$268,998 during fiscal year 2010. This increase is directly attributable to an increase in cash and cash equivalents in the amount of \$255,610 and an increase in capital assets in the amount of \$13,513. The increase in cash and cash equivalents is due to an increase in funding through the State foundation program and the receipt of the new federal stimulus monies that were associated with the American Recovery and Reinvestment Act. State funding increased in fiscal year 2010 due to an increase in enrollment combined with an increase in the number of special needs students which receive the highest per pupil funding. Capital assets increased as a result to the School purchasing six smartboards, six projectors, and one freezer during fiscal year 2010.

Total liabilities increased \$80,865 during fiscal year 2010. Due to Primary Government increased \$46,530 which was related to accrued wages increasing \$27,624 due to the addition of one teacher and a two and three-quarter percent base increase combined with step increases ranging from two to four percent, as well as compensated absences payable increasing \$14,460 due to an employee meeting the criteria for inclusion as a compensated absences payable. The Ohio Department of Education funding review of fiscal year 2010 resulted in an overpayment to School in the amount of \$22,741 which is reported as deferred revenue as of June 30, 2010.

Table 2 reflects the changes in net assets for fiscal year ended June 30, 2010 and comparisons to fiscal year 2009.

Table 2
Change in Net Assets

	2010	2009	Change
<u>Operating Revenues:</u>			
Foundation	\$1,812,917	\$1,668,559	\$144,358
Tuition and Fees	100	250	(150)
Charges for Services	27,144	31,152	(4,008)
Total Operating Revenues	<u>1,840,161</u>	<u>1,699,961</u>	<u>140,200</u>
<u>Non-Operating Revenues:</u>			
Grants	514,675	214,783	299,892
Interest	4,583	1,932	2,651
Other Non-Operating Revenue	19,287	8,767	10,520
Total Non-Operating Revenues	<u>538,545</u>	<u>225,482</u>	<u>313,063</u>
Total Revenues	<u>2,378,706</u>	<u>1,925,443</u>	<u>453,263</u>
<u>Operating Expenses:</u>			
Purchased Services	2,153,779	1,818,000	335,779
Materials and Supplies	34,978	40,220	(5,242)
Depreciation	1,816	495	1,321
Total Operating Expenses	<u>2,190,573</u>	<u>1,858,715</u>	<u>331,858</u>
Total Increase in Net Assets	<u>\$188,133</u>	<u>\$66,728</u>	<u>\$121,405</u>

Foxfire High School
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

During fiscal year 2010, operating and non-operating revenues increased \$453,263. These increases are primarily due to an increase in foundation revenue in the amount of \$144,358 and an increase in grant revenue in the amount of \$299,892. The increase in foundation revenue was a result of an increase in enrollment combined with an increase in the students that met the special education criteria. The increase in grant revenue is mainly due to new federal stimulus monies that were associated with the American Recovery and Reinvestment Act. The Education Stabilization Grant received through the State Foundation provided an additional \$124,762 in grant monies. The Special Education IDEA Part B and Title I American Recovery and Reinvestment Act Grants provided an additional \$58,909 and \$78,842 in grant monies for fiscal year 2010, respectively.

During fiscal year 2010, operating expenses increased \$331,858. The increase in operating expenses is primarily due to an increase in purchased services in the amount of \$335,779. The purchased services increase is primarily due to an increase in student enrollment which required the School to contract with the Sponsor for additional teaching services.

Budgeting

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

Capital Assets and Debt Administration

Capital Assets

During fiscal year 2010, the School had \$19,765 in capital assets. See Note 4 for additional information regarding capital assets.

Debt

The School did not incur any debt during fiscal year 2010.

Current Design

The School is different than a traditional high school in that the School is designed to be an open, non-discriminatory atmosphere where students can work at their own pace to earn a high school diploma. The School operates under the "Care Team" philosophy 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. The School's staff meets weekly with its "Care Team" to identify the students who are struggling, determine the barriers and provide supportive services to help those students overcome their problems so they can achieve success in school.

Contacting the Foxfire High School's Financial Management

This financial report is designed to provide citizens, taxpayers, and creditors with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Lewis Sidwell, Treasurer, Foxfire High School, PO Box 1818, Zanesville, Ohio 43702. You may also E-mail the treasurer at lsidwell@laca.org.

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Foxfire High School
Statement of Net Assets
June 30, 2010

Assets:

Current Assets:

Cash and Cash Equivalents	\$534,695
Accounts Receivable	1,032
Intergovernmental Receivable	593
Total Current Assets	<u>536,320</u>

Noncurrent Assets:

Depreciable Capital Assets, Net	<u>19,765</u>
Total Assets	<u><u>556,085</u></u>

Liabilities:

Current Liabilities:

Accounts Payable	17,581
Deferred Revenue	22,741
Intergovernmental Payable	120
Due to Primary Government	205,542
Total Liabilities	<u>245,984</u>

Net Assets:

Invested in Capital Assets	19,765
Unrestricted	290,336
Total Net Assets	<u><u>\$310,101</u></u>

See accompanying notes to the basic financial statements

Foxfire High School
Statement of Revenues, Expenses, and Changes in Net Assets
For the Fiscal Year Ended June 30, 2010

Operating Revenues:

Foundation	\$1,812,917
Tuition and Fees	100
Charges for Services	27,144
Total Operating Revenues	<u>1,840,161</u>

Operating Expenses:

Purchased Services	2,153,779
Materials and Supplies	34,978
Depreciation	1,816
Total Operating Expenses	<u>2,190,573</u>

Operating Loss	<u>(350,412)</u>
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Non-Operating Revenues:

Grants	514,675
Interest	4,583
Other Non-Operating Revenues	19,287
Total Non-Operating Revenues	<u>538,545</u>

Change in Net Assets	188,133
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Net Assets Beginning of Year	121,968
Net Assets End of Year	<u><u>\$310,101</u></u>

See accompanying notes to the basic financial statements

Foxfire High School
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2010

<u>Increase (Decrease) in Cash and Cash Equivalents</u>	
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Foundatio	\$1,835,658
Cash Received from Tuition and Fee:	100
Cash Received from Charges for Services	26,112
Cash Payments to Suppliers for Goods and Services	(2,130,633)
	(268,763)
Net Cash Used for Operating Activities	(268,763)
<u>Cash Flows from Noncapital Financing Activities:</u>	
Operating Grants Received	515,832
Other Non-Operating Revenue:	19,287
	535,119
Net Cash Provided by Noncapital Financing Activities	535,119
<u>Cash Flows from Capital and Related Financing Activities</u>	
Acquisition of Capital Assets	(15,329)
<u>Cash Flows from Investing Activities:</u>	
Interest on Investments	4,583
	4,583
Net Increase in Cash and Cash Equivalents	255,610
Cash and Cash Equivalents Beginning of Year	279,085
	279,085
Cash and Cash Equivalents End of Year	\$534,695
Reconciliation of Operating Loss to	
<u>Net Cash Used for Operating Activities</u>	
Operating Loss	(\$350,412)
Adjustments to Reconcile Operating Los	
<u>to Net Cash Used for Operating Activities:</u>	
Depreciation	1,816
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(1,032)
Increase in Accounts Payable	11,484
Increase in Intergovernmental Payable	110
Increase in Due to Primary Government	46,530
Increase in Deferred Revenue	22,741
	79,533
Net Cash Used for Operating Activities	(\$268,763)

See accompanying notes to the basic financial statements

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Foxfire High School
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Note 1 - Description of the School

The Foxfire High School (the School) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The 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 School's tax exempt status. The School's mission is to help at-risk students meet Ohio's graduation requirements. The School focuses on ensuring that basic survival needs are met so that students can achieve success in school. The School serves high school age students and above 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 School was created on September 3, 2003 by entering a four year contract with the Maysville Local School District (the Sponsor). The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration. The Sponsor is also the fiscal agent of School with the Treasurer of the Sponsor completing the role of Treasurer for the School.

The School operates under the direction of a five-member Board of Directors made up of five community members recommended by the Executive Director after consulting with the Sponsor's superintendent. All governing authority members should live and/or work in the Zanesville-Muskingum County community as well as to represent the interest of the Muskingum County community. The Board of Directors approves the School's staff of six noncertified and ten certificated full time teaching personnel who provide services to 259 students. The School is a component unit of the Sponsor. The Sponsor is able to impose its will on the School and due to their relationship with the Sponsor it would be misleading to exclude them. The Sponsor can suspend the School's operations for any of the following reasons: 1) The School's failure to meet student performance requirements stated in its contract with the Sponsor; 2) The School's failure to meet generally accepted standards of fiscal management; 3) The School's violation of any provisions of the contract with the Sponsor or applicable state or federal law; or 4) Other good cause. The Board of Directors are 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 School and the students it serves. The School uses the facilities of the Sponsor.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the 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 School also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The entity has elected not to apply FASB pronouncements and interpretations issued after November 30, 1989. The more significant of the School's accounting policies are described below.

Foxfire High School
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

A. Basis of Presentation

The School's basic financial statements consist of a statement of net assets; a statement of revenues, expenses, and changes in net assets; and a statement of cash flows.

The 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 assets, 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

Fund Financial Statements

The enterprise fund is accounted for using a flow of economic resources measurement focus. All assets and liabilities associated with the operation of the School are included on the statement of net assets. The statement of revenues, expenses, and changes in net assets presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets. The statement of cash flows reflects how the 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 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 School receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. Expenses are recognized at the time they are incurred.

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 School's contract with its Sponsor. The contract between the School and its Sponsor does not prescribe an annual budget requirement in addition to preparing a 5-year forecast, which is updated on an annual basis.

Foxfire High School
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

E. Cash and Cash Equivalents

Cash received by the School is reflected as “Cash and Cash Equivalents” on the statement of net assets. 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 2010, the School had no investments.

F. Capital Assets

The School’s capital assets during fiscal year 2010 consisted of computer equipment, video equipment, a sign, and a freezer. All 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 fair market values as of the date received. The School maintains a capitalization threshold of one thousand dollars. All of the School’s reported capital assets are depreciated using the straight-line method over the useful life.

G. Net Assets

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The government-wide statement of net assets reports no restricted net assets and has no monies restricted by enabling legislation.

Net assets restricted for other purposes include federal grants restricted to expenditures for specified purposes.

The School applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

H. Operating Revenues and Expenses

The School currently participates in the State Foundation Program and the State Special Education Program. Revenues received from these programs are recognized as operating revenues in the accounting period in which they are earned and become measurable.

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

I. 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.

Foxtire High School
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Note 3 - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the School's deposits may not be returned. The School does not have a deposit policy for custodial credit risk. At June 30, 2010, the bank balance of the School's deposits was \$537,814. \$250,000 of the bank balance was covered by federal depository insurance. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", \$287,814 was uninsured and uncollateralized. There are no significant statutory restrictions regarding the deposit and investment of funds by the nonprofit corporation.

Note 4 – Capital Asset Note

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
Equipment	\$7,123	\$15,329	\$0	\$22,452
Less Accumulated Depreciation	(871)	(1,816)	0	(2,687)
Capital Assets, Net	\$6,252	\$13,513	\$0	\$19,765

Note 5 – Intergovernmental Receivable

Receivables at June 30, 2010, consisted of intergovernmental grants. All receivables are considered collectible in full due to the stable condition of State programs, and the current year guarantee of federal funds. All receivables are expected to be collected within one year.

A summary of principal items of intergovernmental receivables follows:

Technology, Title II-D	\$593
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Note 6 – Risk Management

The School is exposed to various risks of loss related to torts; errors and omissions; and natural disasters. During the fiscal year ended June 30, 2010, the School had liability insurance through the Maysville Local School District's policy.

Note 7 – Purchased Services

For the period July 1, 2009 through June 30, 2010, purchased service expenses were for the following services:

Type	Amount
Professional and Technical Services	\$2,146,881
Audit Services	6,898
Total	\$2,153,779

Foxfire High School
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Note 8 – Related Party Transactions

The Board of Directors of the School consists of five community members recommended by the Executive Director of the School after consulting with Maysville Local School District's (the Sponsor's) superintendent. The School is presented as a component unit of the Sponsor. For fiscal year 2010, \$1,071,843 was provided by the Sponsor for administrative, fiscal, and student services provided to the School. The School paid all but \$205,542 of this amount as of June 30, 2010. This amount is reflected as a Due to Primary Government in the financial statements.

During fiscal year 2010, the School paid the Sponsor \$2,200 per full time equivalent student to cover rent, administrative services, maintenance services, and support services provided by the Sponsor. The School is located in a portion of facilities previously utilized by the Sponsor.

Note 9 - Contingencies

A. Grants

The 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 general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School at June 30, 2010.

The School was approved for \$145,391 of Federal Stimulus dollars as part of The American Recovery and Reinvestment Act of 2009. These allocations are primarily to fund special education and early childhood programs. The allocations became available in fiscal year 2010 and will continue to be used to fund programs during fiscal year 2011.

The School has been approved for \$106,126 of Federal Education Jobs Fund Program Dollars as part of Public Law No. 111-226, signed by President Obama on August 10, 2010. This program provides assistance to save or create education jobs. The allocation will be available to fund fiscal year 2011.

In addition, the School has also been approved for \$15,889 a year for the next four years of Race to the Top Program Dollars. This program provides the use of expenditures for a new program or an expansion of an existing, a proven program aligned to an approved scope of work in the areas of Standards and Assessments, Using Data to Improve Instruction, Great Teachers and Leaders, and Turning Around the Lowest-Achieving Schools.

B. Ohio Department of Education Enrollment Review

The Ohio Department of Education (ODE) conducts reviews of enrollment data and full time equivalency (FTE) calculations made by the School. These reviews are conducted to ensure the School is reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. During fiscal year 2010, the School repaid \$810 to the Ohio Department of Education for overpayments received during fiscal year 2009. The Ohio Department of Education funding review of fiscal year 2010 resulted in an overpayment to the School in the amount of \$22,741 which is reported as deferred revenue as of June 30, 2010.

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**FOXFIRE HIGH SCHOOL
MUSKINGUM COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Grant Year	Federal CFDA Number	Receipts	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance:				
School Breakfast Program	2009/2010	10.553	\$ 293	\$ 293
National School Lunch Program	2009/2010	10.555	5,560	5,560
Non-Cash Assistance Subtotal			<u>5,853</u>	<u>5,853</u>
Cash Assistance:				
School Breakfast Program	2009/2010	10.553	5,417	5,417
National School Lunch Program	2009/2010	10.555	28,434	28,434
Cash Assistance Subtotal			<u>33,851</u>	<u>33,851</u>
Total Child Nutrition Cluster			<u>39,704</u>	<u>39,704</u>
Total U.S. Department of Agriculture			39,704	39,704
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education:</i>				
Title I Cluster:				
Title I Grants to Local Educational Agencies	2010	84.010	119,952	119,952
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	2010	84.389	78,842	74,523
Total Title I Cluster			198,794	194,475
Special Education Cluster:				
Special Education Grants to States	2010	84.027	59,666	56,924
ARRA - Special Education Grants to States, Recovery Act	2010	84.391	58,909	66,549
Total Special Education Cluster			118,575	123,473
Safe and Drug-Free Schools and Communities - State Grants	2010	84.186	1,290	1,290
Education Technology State Grants	2010	84.318	481	1,074
Rural and Low Income	2010	84.358	23,120	23,120
Improving Teacher Quality	2010	84.367	6,208	6,208
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	2010	84.394	124,762	124,762
Total U.S. Department of Education			<u>473,230</u>	<u>474,402</u>
Total Federal Awards Receipts and Expenditures			<u>\$ 512,934</u>	<u>\$ 514,106</u>

The Notes to the Federal Awards Receipts and Expenditures Schedule are an integral part of the Schedule.

**FOXFIRE HIGH SCHOOL
MUSKINGUM COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2010**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the School's federal award program's receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B – CHILD NUTRITION CLUSTER

The School commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the School assumes it expends federal monies first.

NOTE C – FOOD DONATION PROGRAM

The School reports commodities consumed on the Schedule at the fair value. The School allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.



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*

Foxfire High School
Muskingum County
2805 Pinkerton Road
P.O. Box 1818
Zanesville, Ohio 43702

To the Board of Directors:

We have audited the financial statements of the Foxfire High School, Muskingum County, Ohio (the School), a component unit of the Maysville Local School District, Muskingum County, Ohio, as of and for the year ended June 30, 2010, and have issued our report thereon dated February 28, 2011. 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 opinions 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 intend this report solely for the information and use of management, the audit committee, Board of Directors, the School's sponsor, federal awarding agencies and pass-through entities, 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 style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

February 28, 2011



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Foxfire High School
Muskingum County
2805 Pinkerton Road
P.O. Box 1818
Zanesville, Ohio 43702

To the Board of Directors:

Compliance

We have audited the compliance of the Foxfire High School, Muskingum County, Ohio (the School), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the School's major federal programs for the year ended June 30, 2010. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the School's major federal programs. The School's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the School's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School's compliance with those requirements.

In our opinion, the School complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The School's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

We noted a matter involving federal compliance not requiring inclusion in this report, that we reported to the School's management in a separate letter dated February 28, 2011.

We intend this report solely for the information and use of the audit committee, management, the Board of Directors, the School's sponsor, others within the School, federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.



Dave Yost
Auditor of State

February 28, 2011

**FOX FIRE HIGH SCHOOL
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2010**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Program (list):	Title I Cluster - Grants to Local Educational Agencies – CFDA# 84.010 & 84.389; State Fiscal Stabilization Fund (SFSF) – Education State Grants CFDA #84.394
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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Dave Yost • Auditor of State

FOXFIRE HIGH SCHOOL

MUSKINGUM 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 15, 2011**