



Dave Yost • Auditor of State

**ZANESVILLE COMMUNITY HIGH SCHOOL
MUSKINGUM COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Zanesville Community High School
Muskingum County
160 North Fourth Street
Zanesville, Ohio 43701

To the Governing Authority:

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, 2013, 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 School's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the School'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 overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Zanesville Community High School, Muskingum County, Ohio, as of June 30, 2013, and the changes in its financial position and its cash flows 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 placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2014, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

March 11, 2014

Zanesville Community High School
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

The discussion and analysis of the Zanesville Community High School's financial performance provides an overall review of the Zanesville Community High School's financial activities for the fiscal year ended June 30, 2013. Readers should also review the basic financial statements and notes to enhance their understanding of the Zanesville Community High School's financial performance.

Highlights

The Zanesville Community High School opened for its first year of operation in fiscal year 2008 for high school age students who have dropped out or are at risk of dropping out of school. During fiscal year 2013, the Zanesville Community High School provided services to 111 full-time students.

Key highlights for fiscal year 2013 are as follows:

- Net position was \$490,512 at June 30, 2013.
- Zanesville Community High School had operating revenues of \$824,430, operating expenses of \$1,033,077, and non-operating revenues of \$160,459 for fiscal year 2013. The total change in net position for the fiscal year was a decrease of \$48,188.

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 Zanesville Community High School did financially during fiscal year 2013. 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 Zanesville Community 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 Zanesville Community 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 Zanesville Community High School's activities are reported in a single enterprise fund.

Table 1 provides a summary of the Zanesville Community High School's net position for fiscal year 2013 compared to fiscal year 2012:

Zanesville Community High School
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

Table 1
Net Position

	2013	2012	Change
<u>Assets:</u>			
Current and Other Assets	\$622,142	\$648,141	(\$25,999)
<u>Liabilities:</u>			
Current and Other Liabilities	131,630	109,441	22,189
<u>Net Assets:</u>			
Unrestricted	\$490,512	\$538,700	(\$48,188)

Total assets decreased \$25,999, which is primarily the result of a decrease in cash and cash equivalents resulting from fiscal year 2013 expenses exceeding revenues. During fiscal year 2013, the Zanesville Community High School provided services to 111 full-time equivalent students compared to 153 full-time equivalent students in fiscal year 2012, which resulted in a decrease in State foundation funding.

Total liabilities increased \$22,189 during fiscal year 2013, which is primarily the result of an increase in due to primary government. Due to primary government increased \$23,702, which is a result of an increase in accrued wages due to additional employees in fiscal year 2013. Although enrollment continues to fluctuate, more employees were hired to meet the goals of the community school.

Table 2 reflects the changes in net positions for fiscal year ended June 30, 2013, and comparisons to fiscal year 2012.

Zanesville Community High School
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

Table 2
Change in Net Position

	2013	2012	Change
<u>Operating Revenues:</u>			
Foundation	\$812,129	\$1,149,027	(\$336,898)
Charges for Services	12,301	4,939	7,362
Total Operating Revenues	<u>824,430</u>	<u>1,153,966</u>	<u>(329,536)</u>
<u>Non-Operating Revenues:</u>			
Operating Grants	159,159	228,802	(69,643)
Interest Revenue	1,300	1,905	(605)
Other Non-Operating Revenue	0	592	(592)
Total Non-Operating Revenues	<u>160,459</u>	<u>231,299</u>	<u>(70,840)</u>
Total Revenues	<u>984,889</u>	<u>1,385,265</u>	<u>(400,376)</u>
<u>Operating Expenses:</u>			
Purchased Services	976,625	978,567	(1,942)
Materials and Supplies	56,452	54,447	2,005
Total Operating Expenses	<u>1,033,077</u>	<u>1,033,014</u>	<u>63</u>
Change in Net Position	(48,188)	352,251	(400,439)
Net Position Beginning of Year	<u>538,700</u>	<u>186,449</u>	<u>352,251</u>
Net Position End of Year	<u>\$490,512</u>	<u>\$538,700</u>	<u>(\$48,188)</u>

During fiscal year 2013, revenues decreased \$400,376. This decrease is primarily due to a decrease in foundation revenue in the amount of \$336,898. The decrease in foundation revenue was a result of decreased enrollment.

During fiscal year 2013, operating expenses were consistent with fiscal year 2012.

Budgeting

The Zanesville Community High 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 2013, the Zanesville Community High School did not have any capital assets.

Zanesville Community High School
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

Debt

The Zanesville Community High School did not incur any debt during fiscal year 2013.

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 Jolene Carter, Treasurer, Zanesville Community High School, 160 North Fourth Street, Zanesville, Ohio 43701. You may also e-mail the Treasurer at carter@zanesville.k12.oh.us.

Zanesville Community High School

Statement of Net Position

June 30, 2013

<u>Assets:</u>	
Current Assets:	
Cash and Cash Equivalents	\$586,675
Intergovernmental Receivable	27,015
Prepaid Items	<u>8,452</u>
Total Assets	<u>622,142</u>
<u>Liabilities:</u>	
Current Liabilities:	
Accounts Payable	419
Due to Primary Government	128,795
Intergovernmental Payable	<u>2,416</u>
Total Liabilities	<u>131,630</u>
<u>Net Position:</u>	
Unrestricted	<u>\$490,512</u>
Total Net Position	<u><u>\$490,512</u></u>

See accompanying notes to the basic financial statements

Zanesville Community High School
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2013

<u>Operating Revenues:</u>	
Foundation	\$812,129
Charges for Services	12,301
Total Operating Revenues	<u>824,430</u>
 <u>Operating Expenses:</u>	
Purchased Services	976,625
Materials and Supplies	56,452
Total Operating Expenses	<u>1,033,077</u>
 Operating Loss	 <u>(208,647)</u>
 <u>Non-Operating Revenues:</u>	
Operating Grants	159,159
Interest	1,300
Total Non-Operating Revenues	<u>160,459</u>
 Change in Net Position	 (48,188)
 Net Position Beginning of Year	 538,700
Net Position End of Year	<u><u>\$490,512</u></u>

See accompanying notes to the basic financial statements

Zanesville Community High School
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2013

<u>Increase (Decrease) in Cash and Cash Equivalents</u>	
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Foundation	\$833,394
Cash Received from Customers	12,301
Cash Payments to Suppliers for Goods and Services	<u>(1,010,310)</u>
Net Cash Used for Operating Activities	<u>(164,615)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>	
Operating Grants Received	<u>151,604</u>
Net Cash Provided by Noncapital Financing Activities	151,604
<u>Cash Flows from Investing Activities:</u>	
Interest on Investments	<u>1,300</u>
Net Cash Provided by Investing Activities	<u>1,300</u>
Net Decrease in Cash and Cash Equivalents	(11,711)
Cash and Cash Equivalents Beginning of Year	<u>598,386</u>
Cash and Cash Equivalents End of Year	<u><u>\$586,675</u></u>
Reconciliation of Operating Loss to	
<u>Net Cash Used for Operating Activities:</u>	
Operating Loss	(\$208,647)
Adjustments to Reconcile Operating Loss to	
<u>Net Cash Used for Operating Activities:</u>	
Changes in Assets and Liabilities:	
Decrease in Intergovernmental Receivable	21,265
Decrease in Prepaid Items	578
Increase in Due to Primary Government	23,702
Increase in Accounts Payable	219
Decrease in Intergovernmental Payable	<u>(1,732)</u>
Net Cash Used for Operating Activities	<u><u>(\$164,615)</u></u>

See accompanying notes to the basic financial statements

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Zanesville Community High School
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 1 – Description of the School

The Zanesville Community High School is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The Zanesville Community 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 Zanesville Community High School's tax exempt status. The Zanesville Community High School's mission is to help at-risk students meet Ohio's graduation requirements. The Zanesville Community High School focuses on ensuring that basic survival needs are met so that students can achieve success in school. The Zanesville Community 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 Zanesville Community High School was created on April 16, 2007, by entering a five year contract with the Zanesville City School District (the Sponsor). The Zanesville Community High School entered into a new five year contract with the Sponsor on April 16, 2012. The Sponsor is responsible for evaluating the performance of the Zanesville Community High School and has the authority to deny renewal of the contract at its expiration. The Sponsor is also the fiscal agent of Zanesville Community High School with the Treasurer of the Sponsor completing the role of Treasurer for Zanesville Community High School.

The Zanesville Community High School operates under the direction of a six-member Governing Authority, made up of five 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 interest of the Muskingum County community. The Governing Authority approves Zanesville Community High School's staff of five classified employees and ten certificated full time teaching personnel who provide services to 111 students. Zanesville Community High School is a component unit of the Sponsor. The sponsor is able to impose its will on Zanesville Community High School and due to their relationship with the Sponsor it would be misleading to exclude them. The Sponsor can suspend the Zanesville Community High School's operations for any of the following reasons: 1) The Zanesville Community High School's failure to meet student performance requirements stated in its contract with the Sponsor, 2) The Zanesville Community High School's failure to meet generally accepted standards of fiscal management, 3) The Zanesville Community 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 Zanesville Community High School uses the facilities of the Sponsor.

Note 2 – Summary of Significant Accounting Policies

The financial statements of the Zanesville Community 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 Zanesville Community High School's accounting policies are described below.

Zanesville Community High School
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

A. Basis of Presentation

The Zanesville Community 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 Zanesville Community 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 Zanesville Community 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 Zanesville Community 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 Zanesville Community 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 Zanesville Community 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 Zanesville Community High School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Zanesville Community High 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 Zanesville Community High School's contract with its Sponsor. The contract between Zanesville Community 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 Zanesville Community 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 2013, the Zanesville Community High School had no investments.

Zanesville Community High School
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

F. 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 Zanesville Community High School or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Zanesville Community High School applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

G. Operating Revenues and Expenses

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

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

H. 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 Principles

For fiscal year 2013, the Zanesville Community High School has implemented Governmental Accounting Standards Board (GASB) Statement No. 60, “Accounting and Financial Reporting for Service Concession Arrangements,” Statement No. 61, “The Financial Reporting Entity: Omnibus,” Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements,” Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,” Statement No. 65, “Items Previously Reported as Assets and Liabilities,” and Statement No. 66, “Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62”.

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. The implementation of this statement did not result in any change in the Zanesville Community High School’s financial statements.

GASB Statement No. 61 modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, and financial reporting entity display and disclosure requirements. These changes were incorporated in the Zanesville Community High School’s fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 62 incorporates into GASB’s authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change in the Zanesville Community High School’s financial statements.

Zanesville Community High School
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

GASB Statement No. 63 provides guidance for reporting deferred outflows or resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. These changes were incorporated in the Zanesville Community High School's fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows or resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These changes were incorporated in the Zanesville Community High School's fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of this statement did not result in any change in the Zanesville Community High School's financial statements.

Note 4 – Deposits

Custodial credit risk is the risk that, in the event of a bank failure, Zanesville Community High School's deposits may not be returned. Zanesville Community High School does not have a deposit policy for custodial credit risk. At June 30, 2013, the bank balance of Zanesville Community High School's deposits was \$587,880. Only \$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", \$337,880 was uninsured and uncollateralized. There are no significant statutory restrictions regarding the deposit and investment of funds by the nonprofit corporation.

Note 5 – Receivables

Receivables at June 30, 2013, 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:

	<u>Amounts</u>
Race to the Top Grant	\$10,032
Title I	7,456
Title II-A	1,403
Title VI-B	<u>8,124</u>
Total	<u><u>\$27,015</u></u>

Note 6 – Risk Management

Zanesville Community 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, 2013, Zanesville Community High School had liability insurance through the Zanesville City School District's policy.

Zanesville Community High School
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 7 – Purchased Services

For the period July 1, 2012 through June 30, 2013, purchased service expenses were for the following services:

<u>Type</u>	<u>Amount</u>
Professional and Technical Services	\$969,490
Audit Services	7,135
Total	<u>\$976,625</u>

Note 8 – Related Party Transactions

Zanesville City School District, the Sponsor, approves each of Zanesville Community High School's six board members from the general public. Zanesville Community High School is presented as a component unit of the Sponsor. The Zanesville Community High School uses the facilities of the Sponsor. For fiscal year 2013, \$986,857 was provided by the Sponsor for administrative, fiscal, and student services provided to Zanesville Community High School. Zanesville Community High School paid all but \$128,795 of this amount as of June 30, 2013. This amount is reflected as a Due to Primary Government in the financial statements.

Note 9 – Contingencies

A. Grants

The Zanesville Community 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 Zanesville Community 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 Zanesville Community High School at June 30, 2013.

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 Zanesville Community High School. These reviews are conducted to ensure the Zanesville Community High School is reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. The ODE funding review of fiscal year 2012 resulted in a payment due to Zanesville Community High School in the amount of \$21,265, which was received during fiscal year 2013. The Ohio Department of Education funding review of fiscal year 2013 was not available at this time.

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Dave Yost • Auditor of State

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

Zanesville Community High School
Muskingum County
160 North Fourth Street
Zanesville, Ohio 43701

To the Governing Authority:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Zanesville Community High School, Muskingum County, Ohio (the School), a component unit of Zanesville City School District, Muskingum County, Ohio, as of and for the year ended June 30, 2013, and the related notes to the financial statements, and have issued our report thereon dated March 11, 2014.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the School's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the School's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

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

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

Dave Yost
Auditor of State

Columbus, Ohio

March 11, 2014



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON APPLYING AGREED-UPON PROCEDURE

Zanesville Community High School
Muskingum County
160 North Fourth Street
Zanesville, Ohio 43701

To the Governing Authority:

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 Governing Authority, solely to assist the Governing Authority in evaluating whether the Zanesville Community High School, Muskingum County, Ohio (the School), has updated its 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 Governing Authority. 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 Zanesville City School District Board of Education (the Sponsor) amended its anti-harassment policy at its meeting on May 15, 2012 to include prohibiting harassment, intimidation, or bullying of any student “on a school bus” or by an “electronic act”. The School has elected to follow the policies adopted by the Sponsor. On September 18, 2013, the School adopted their own policies. We noted that it also included an anti-harassment policy prohibiting harassment, intimidation, or bullying of any student “on a school bus” or by an “electronic act”.

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 Governing Authority and School's sponsor, and is not intended to be and should not be used by anyone 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 initial "D".

Dave Yost
Auditor of State

Columbus, Ohio

March 11, 2014



Dave Yost • Auditor of State

ZANESVILLE COMMUNITY 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 25, 2014**