

**ZANESVILLE COMMUNITY HIGH SCHOOL
(A COMPONENT UNIT OF THE ZANESVILLE CITY SCHOOL DISTRICT)**

MUSKINGUM COUNTY

REGULAR AUDIT

JULY 1, 2021 – JUNE 30, 2022



OHIO AUDITOR OF STATE
KEITH FABER



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

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

We have reviewed the *Independent Auditor's Report* of Zanesville Community High School, Muskingum County, prepared by Wilson, Shannon & Snow, Inc., for the audit period July 1, 2021 through June 30, 2022. 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. Zanesville Community High School is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads 'Keith Faber'.

Keith Faber
Auditor of State
Columbus, Ohio

February 13, 2023

This page intentionally left blank.

**ZANESVILLE COMMUNITY HIGH SCHOOL
MUSKINGUM COUNTY**

TABLE OF CONTENTS

| <u>TITLE</u> | <u>PAGE</u> |
|--|--------------------|
| INDEPENDENT AUDITOR’S REPORT | 1 |
| MANAGEMENT’S DISCUSSION AND ANALYSIS | 5 |
| BASIC FINANCIAL STATEMENTS: | |
| STATEMENT OF NET POSITION | 10 |
| STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION | 11 |
| STATEMENT OF CASH FLOWS | 12 |
| NOTES TO THE BASIC FINANCIAL STATEMENTS | 13 |
| INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY <i>GOVERNMENT AUDITING STANDARDS</i> | 19 |

This page intentionally left blank.

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Directors:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Zanesville Community High School, Muskingum County, Ohio (the High School), a component unit of the Zanesville City School District, Muskingum County, Ohio, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the High School's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Zanesville Community High School, Muskingum County, Ohio as of June 30, 2022, and the changes in financial position and its cash flows for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the High School, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the High School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the High School's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the High School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting 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 assurance.

Zanesville Community High School
Muskingum County
Independent Auditor's Report

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issuedⁱ our report dated December 22, 2022, on our consideration of the 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the High School's 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 High School's internal control over financial reporting and compliance.



Newark, Ohio
December 22, 2022

This Page Intentionally Left Blank

ZANESVILLE COMMUNITY HIGH SCHOOL, OHIO

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2022

Unaudited

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, 2022. 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 2022 are as follows:

- Net position was \$983,132 at June 30, 2022.
- The High School had operating revenues of \$1,433,461, operating expenses of \$1,218,538, and non-operating revenues of \$211,338 for fiscal year 2022. The total change in net position for the fiscal year was an increase of \$426,261.

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 2022. 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

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022***

Unaudited

The following table provides a summary of the High School's net position for fiscal year 2022 compared to fiscal year 2021.

| | <u>2022</u> | <u>2021</u> |
|------------------------------|-------------------------|-------------------------|
| Current Assets | \$1,078,176 | \$695,469 |
| Capital Assets, Net | 4,192 | 5,481 |
| Total Assets | <u>1,082,368</u> | <u>700,950</u> |
| Current Liabilities | <u>99,236</u> | <u>144,079</u> |
| Total Liabilities | <u>99,236</u> | <u>144,079</u> |
| Net Position: | | |
| Investment in Capital Assets | 4,192 | 5,481 |
| Unrestricted | <u>978,940</u> | <u>551,390</u> |
| Total Net Position | <u><u>\$983,132</u></u> | <u><u>\$556,871</u></u> |

The High School has a net position of \$983,132 at fiscal year-end, which is an increase of \$426,261 from fiscal year 2021. Total assets increased \$381,418. This increase is due to the net effect between an increase in cash and cash equivalents of \$371,072, an increase in intergovernmental receivables of \$12,050, a decrease in prepaid items of \$415 and a decrease in capital assets of \$1,289 related to depreciation for fiscal year 2021.

Total liabilities decreased \$44,843 during fiscal year 2022. This decrease is due to a decrease of \$44,679 in the amount owed to the Zanesville City School District and a decrease in intergovernmental payables of \$164.

This Space Intentionally Left Blank

ZANESVILLE COMMUNITY HIGH SCHOOL, OHIO

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022**

Unaudited

Changes in Net Position – The following table shows the changes in net position for fiscal year 2022 compared to fiscal year 2021:

| | 2022 | 2021 | Increase (Decrease) |
|---------------------------------|-------------|-------------|------------------------|
| Revenues | | | |
| Operating Revenues: | | | |
| Foundation | \$1,432,326 | \$1,223,839 | \$208,487 |
| Sales | 0 | 40 | (40) |
| Other Operating Revenues | 1,135 | 22,584 | (21,449) |
| Total Operating Revenues | 1,433,461 | 1,246,463 | 186,998 |
| Non-Operating Revenues: | | | |
| Operating Grants | 211,338 | 235,238 | (23,900) |
| Total Revenues | 1,644,799 | 1,481,701 | 163,098 |
| Operating Expenses | | | |
| Contractual Services | 1,096,142 | 1,048,842 | 47,300 |
| Supplies and Materials | 111,632 | 92,648 | 18,984 |
| Depreciation | 1,289 | 1,289 | 0 |
| Other Operating Expenses | 9,475 | 9,761 | (286) |
| Total Operating Expenses | 1,218,538 | 1,152,540 | 65,998 |
| Change in Net Position | 426,261 | 329,161 | 97,100 |
| Beginning Net Position | 556,871 | 227,710 | 329,161 |
| Ending Net Position | \$983,132 | \$556,871 | \$426,261 |

During fiscal year 2022, total revenues increased \$163,098. This change is primarily due to an increase in foundation revenue in the amount of \$208,487, 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) and a slight increase in enrollment. Operating grants decreased \$23,900 when compared to fiscal year 2021.

During fiscal year 2022, operating expenses increased \$65,998 across both purchased services and supplies and materials, offset by a \$286 decrease in other operating expenses. The increase in materials and supplies is due to additional material and supplies being purchased for various classroom materials in fiscal year 2022 over and above 2021 levels related to COVID 19.

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

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022*

Unaudited

Capital Assets and Debt Administration

Capital Assets

Accumulated depreciation at June 30, 2022, amounted to \$1,289; therefore, the capital assets, net of accumulated depreciation, were \$4,192. See Note 6 for more information.

Debt

The Zanesville Community High School had no debt during fiscal year 2022.

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, 920 Moxahala Ave, Zanesville, Ohio 43701. You may also e-mail the Treasurer at myoung@zanesville.k12.oh.us.

This Page Intentionally Left Blank

ZANESVILLE COMMUNITY HIGH SCHOOL, OHIO

Statement of Net Position ***June 30, 2022***

Assets:

Current Assets:

| | |
|-----------------------------|------------------|
| Cash and Cash Equivalents | \$ 986,137 |
| Receivables: | |
| Intergovernmental | 91,725 |
| Prepaid Items | 314 |
| <i>Total Current Assets</i> | <u>1,078,176</u> |

Non Current Assets:

| | |
|---------------------|-------------------------|
| Capital Assets, Net | 4,192 |
| Total Assets | <u><u>1,082,368</u></u> |

Liabilities:

Current Liabilities:

| | |
|---------------------------|---------------|
| Due to Primary Government | 99,236 |
| Total Liabilities | <u>99,236</u> |

Net Position:

| | |
|----------------------------------|--------------------------|
| Net Investment in Capital Assets | 4,192 |
| Unrestricted | 978,940 |
| Total Net Position | <u><u>\$ 983,132</u></u> |

See accompanying notes to the basic financial statements

ZANESVILLE COMMUNITY HIGH SCHOOL, OHIO

Statement of Activities ***For the Fiscal Year Ended June 30, 2022***

| | |
|---|--------------------------|
| Operating Revenues: | |
| Foundation | \$ 1,432,326 |
| Other Operating Revenue | 1,135 |
| Total Operating Revenues | <u>1,433,461</u> |
| Operating Expenses: | |
| Contractual Services | 1,096,142 |
| Supplies and Materials | 111,632 |
| Depreciation | 1,289 |
| Other Operating Expenses | 9,475 |
| Total Operating Expenses | <u>1,218,538</u> |
| Operating Income | 214,923 |
| Nonoperating Revenue (Expenses): | |
| Operating Grants | <u>211,338</u> |
| Change in Net Position | 426,261 |
| Net Position Beginning of Year | 556,871 |
| Net Position End of Year | <u><u>\$ 983,132</u></u> |

See accompanying notes to the basic financial statements

ZANESVILLE COMMUNITY HIGH SCHOOL, OHIO

Statement of Cash Flows ***For the Fiscal Year Ended June 30, 2022***

| | |
|--|-------------------------|
| <u>Cash Flows from Operating Activities:</u> | |
| Cash Received from Foundation | \$1,432,326 |
| Other Operating Receipts | 1,135 |
| Cash Payments for Goods and Services | (1,261,677) |
| Net Cash Provided by Operating Activities | <u>171,784</u> |
| <u>Cash Flows from Noncapital Financing Activities:</u> | |
| Operating Grants Received | <u>199,288</u> |
| Net Increase in Cash and Cash Equivalents | 371,072 |
| Cash and Cash Equivalents at Beginning of Year | 615,065 |
| Cash and Cash Equivalents at End of Year | <u><u>\$986,137</u></u> |
| <u>Reconciliation of Operating Income to Net Cash</u> | |
| <u>Provided by Operating Activities:</u> | |
| Operating Income | \$214,923 |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities: | |
| Depreciation Expense | 1,289 |
| Changes in Assets and Liabilities: | |
| Decrease in Prepaids | 415 |
| Decrease in Intergovernmental Payable | (164) |
| Decrease in Due to Primary Government | (44,679) |
| Total Adjustments | <u>(43,139)</u> |
| Net Cash Provided by Operating Activities | <u><u>\$171,784</u></u> |

See accompanying notes to the basic financial statements

ZANESVILLE COMMUNITY HIGH SCHOOL, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022

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 138 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

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the High School have been prepared in conformity with accounting principles generally accepted in the United States of America (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

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022

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 2022, 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, 2022, 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 investment in capital assets represents capital assets net of accumulated depreciation. 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

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022

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

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2022, the High School implemented Governmental Accounting Standards Board (GASB) Statement No. 87, “Leases,” Statement No. 89, “Accounting for Interest Cost Incurred before the End of a Construction Period,” Statement No. 92, “Omnibus 2020,” and Statement No. 93, “Replacement of Interbank Offered Rates.”

GASB Statement No. 87 establishes standards of accounting and financial reporting for leases.

GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period.

GASB Statement No. 92 establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments.

GASB Statement No. 93 establishes accounting and financial reporting requirements related to the replacement of interbank offered rates in hedging derivative instruments and leases.

The implementation of these Statements had no effect on beginning net position/fund balance, or note disclosures.

ZANESVILLE COMMUNITY HIGH SCHOOL, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022

NOTE 4 – CASH AND CASH EQUIVALENTS

Ohio law requires that deposits be either insured or be protected by eligible securities pledged to the High School and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or 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. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. The High School's policy is to deposit funds with banking institutions which collateralize public monies in accordance with the Ohio Revised Code.

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, 2022, the bank balance of the School's deposits was \$986,264. 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, 2022 consisted of intergovernmental grant receivables.

NOTE 6 - CAPITAL ASSETS

Summary by category of changes in capital assets at June 30, 2022:

| <i>Historical Cost:</i> | Balance | | | Balance |
|--|---------------|-----------|-----------|---------------|
| Class | June 30, 2021 | Additions | Deletions | June 30, 2022 |
| <i>Capital assets being depreciated:</i> | | | | |
| Equipment | \$12,893 | \$0 | \$0 | \$12,893 |
| Total Cost | \$12,893 | \$0 | \$0 | \$12,893 |
| <i>Accumulated Depreciation:</i> | Balance | | | Balance |
| Class | June 30, 2021 | Additions | Deletions | June 30, 2022 |
| Equipment | (\$7,412) | (\$1,289) | \$0 | (\$8,701) |
| Total Depreciation | (\$7,412) | (\$1,289) | \$0 | (\$8,701) |
| <i>Net Value:</i> | \$5,481 | | | \$4,192 |

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, 2022, the High School had liability insurance through the Zanesville City School District's policy. Settled claims have not exceeded commercial coverage in the past three fiscal years and there has been no significant reduction in coverage from the prior fiscal year.

ZANESVILLE COMMUNITY HIGH SCHOOL, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022

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 2022, \$1,340,656 was provided by the Sponsor for administrative, fiscal, and student services provided to the High School. The High School paid all but \$99,236 of this amount as of June 30, 2022. This amount is reflected as a Due to Primary Government in the financial statements.

| Direct Expenses | Instruction Regular | Instruction Special | Support Services | Non-Instructional Services - Other | Total |
|-------------------------------------|------------------------|------------------------|---------------------|---------------------------------------|--------------------|
| Professional and Technical Services | \$295,037 | \$243,786 | \$575,493 | \$5,833 | \$1,120,149 |
| Materials and Supplies | 18,717 | 22,937 | 53,738 | 16,240 | 111,632 |
| Other Expense | 0 | 0 | 9,639 | 0 | 9,639 |
| Totals | <u>\$313,754</u> | <u>\$266,723</u> | <u>\$638,870</u> | <u>\$22,073</u> | <u>\$1,241,420</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, 2022.

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, 2022.

C. School Foundation

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the High School, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2022 Foundation funding for the High School; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the High School.

**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
920 Moxahala Avenue
Zanesville, Ohio 43701

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Zanesville Community High School, Muskingum County, (the High School), a component unit of the Zanesville City School District, Muskingum County, Ohio as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the High School's basic financial statements and have issued our report thereon dated December 22, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the High School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the High School's internal control. Accordingly, we do not express an opinion on the effectiveness of the High School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the High School's financial statements will not be prevented, or detected and corrected, on a timely basis. 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, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the High School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the High School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the High School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wilson, Shuman & Snow, Inc.

Newark, Ohio
December 22, 2022

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 2/23/2023

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