

ZANESVILLE COMMUNITY HIGH SCHOOL

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2021

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

OHIO AUDITOR OF STATE
KEITH FABER



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

Board of Directors
Zanesville Community High School
956 Maxahala Ave
Zanesville, Ohio 43701

We have reviewed the *Independent Auditor's Report* of Zanesville Community High School, Muskingum County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period July 1, 2020 through June 30, 2021. 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 cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

January 25, 2022

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**ZANESVILLE COMMUNITY HIGH SCHOOL
MUSKINGUM COUNTY**

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

INDEPENDENT AUDITORS' REPORT

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

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Zanesville Community High School, Muskingum County, Ohio (the School), a component unit of the Zanesville City School District, Muskingum County, Ohio as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Zanesville Community High School, Muskingum County, Ohio as of June 30, 2021, and the respective changes in its financial position and its cash flows, thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis* listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for the placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 16, 2021, on our consideration of the Zanesville Community High School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Zanesville Community High School's internal control over financial reporting and compliance.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
December 16, 2021

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ZANESVILLE COMMUNITY HIGH SCHOOL, OHIO

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2021

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, 2021. 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 2021 are as follows:

- Net position was \$556,871 at June 30, 2021.
- The High School had operating revenues of \$1,246,463, operating expenses of \$1,152,540, and non-operating revenues of \$235,238 for fiscal year 2021. The total change in net position for the fiscal year was an increase of \$329,161.

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 2021. 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, 2021***

Unaudited

The following table provides a summary of the High School's net position for fiscal year 2021 compared to fiscal year 2020.

	<u>2021</u>	<u>2020</u>
Current Assets	\$695,469	\$365,200
Capital Assets, Net	5,481	6,770
Total Assets	<u>700,950</u>	<u>371,970</u>
Current Liabilities	<u>144,079</u>	<u>144,260</u>
Total Liabilities	<u>144,079</u>	<u>144,260</u>
Net Position:		
Investment in Capital Assets	5,481	6,770
Unrestricted	<u>551,390</u>	<u>220,940</u>
Total Net Position	<u><u>\$556,871</u></u>	<u><u>\$227,710</u></u>

The High School has a net position of \$556,871 at fiscal year-end, which is an increase of \$329,161 from fiscal year 2020. Total assets increased \$328,980. This increase is due to the net effect between an increase in cash and cash equivalents of \$332,622, an increase in intergovernmental receivables of \$9,462, a decrease in prepaid items of \$11,815 and a decrease in capital assets of \$1,289 related to depreciation for fiscal year 2020.

Total liabilities decreased \$181 during fiscal year 2021. This decrease is due to a decrease of \$345 in the amount owed to the Zanesville City School District offset by an increase in intergovernmental payables of \$164.

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ZANESVILLE COMMUNITY HIGH SCHOOL, OHIO

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021**

Unaudited

Changes in Net Position – The following table shows the changes in net position for fiscal year 2021 compared to fiscal year 2020:

	2021	2020	Increase (Decrease)
Revenues			
Operating Revenues:			
Foundation	\$1,223,839	\$1,035,175	\$188,664
Sales	40	333	(293)
Other Operating Revenues	22,584	333	22,251
Total Operating Revenues	1,246,463	1,035,841	210,622
Non-Operating Revenues:			
Operating Grants	235,238	80,491	154,747
Total Revenues	1,481,701	1,116,332	365,369
Operating Expenses			
Purchased Services	1,048,842	1,063,253	(14,411)
Supplies and Materials	92,648	37,919	54,729
Depreciation	1,289	1,289	0
Other Operating Expenses	9,761	7,410	2,351
Total Operating Expenses	1,152,540	1,109,871	42,669
Change in Net Position	329,161	6,461	322,700
Beginning Net Position	227,710	221,582	6,128
Ending Net Position	\$556,871	\$228,043	\$328,828

During fiscal year 2021, total revenues increased \$210,622. This change is primarily due to an increase in foundation revenue in the amount of \$188,664, 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). Operating grants increased \$154,747 when compared to fiscal year 2020.

During fiscal year 2021, operating expenses increased \$57,080 across both supplies and materials and other operating expenses, offset by a \$14,411 decrease in purchased services. The increase in materials and supplies is due to additional material and supplies being purchased for various classroom materials in fiscal year 2021 over and above 2020 levels.

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, 2021*

Unaudited

Capital Assets and Debt Administration

Capital Assets

Accumulated depreciation at June 30, 2021, amounted to \$1,289; therefore, the capital assets, net of accumulated depreciation, were \$5,481. See Note 5 for more information.

Debt

The Zanesville Community High School had no debt during fiscal year 2021.

Current Design

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

Contacting the Zanesville Community High School's Financial Management

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

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ZANESVILLE COMMUNITY HIGH SCHOOL, OHIO

Statement of Net Position ***June 30, 2021***

Assets:

Current Assets:

Cash and Cash Equivalents \$ 615,065

Receivables:

Intergovernmental 79,675

Prepaid Items 729

Total Current Assets 695,469

Non Current Assets:

Capital Assets, Net 5,481

Total Assets 700,950

Liabilities:

Current Liabilities:

Intergovernmental Payable 164

Due to Primary Government 143,915

Total Liabilities 144,079

Net Position:

Net Investment in Capital Assets 5,481

Unrestricted 551,390

Total Net Position \$ 556,871

See accompanying notes to the basic financial statements

ZANESVILLE COMMUNITY HIGH SCHOOL, OHIO

Statement of Activities ***For the Fiscal Year Ended June 30, 2021***

Operating Revenues:	
Foundation	\$ 1,223,839
Sales	40
Other Operating Revenue	22,584
Total Operating Revenues	1,246,463
Operating Expenses:	
Contractual Services	1,048,842
Supplies and Materials	92,648
Depreciation	1,289
Other Operating Expenses	9,761
Total Operating Expenses	1,152,540
Operating Income	93,923
Nonoperating Revenue:	
Operating Grants	235,238
Change in Net Position	329,161
Net Position Beginning of Year	227,710
Net Position End of Year	\$ 556,871

See accompanying notes to the basic financial statements

ZANESVILLE COMMUNITY HIGH SCHOOL, OHIO

Statement of Cash Flows ***For the Fiscal Year Ended June 30, 2021***

<u>Cash Flows from Operating Activities:</u>	
Cash Received from Foundation	\$1,293,202
Cash Received from Sales	40
Other Operating Receipts	22,584
Cash Payments for Goods and Services	(1,139,617)
Net Cash Provided by Operating Activities	<u>176,209</u>
<u>Cash Flows from Noncapital Financing Activities:</u>	
Operating Grants Received	<u>156,413</u>
Net Increase in Cash and Cash Equivalents	332,622
Cash and Cash Equivalents at Beginning of Year	<u>282,443</u>
Cash and Cash Equivalents at End of Year	<u><u>\$615,065</u></u>
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income	\$93,923
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation Expense	1,289
Changes in Assets and Liabilities:	
Decrease in Intergovernmental Receivable	69,363
Decrease in Prepaids	11,815
Increase in Intergovernmental Payable	164
Decrease in Due to Primary Government	(345)
Total Adjustments	<u>82,286</u>
Net Cash Provided by Operating Activities	<u><u>\$176,209</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, 2021

NOTE 1 – DESCRIPTION OF THE SCHOOL

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

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

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

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

ZANESVILLE COMMUNITY HIGH SCHOOL, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

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

B. Measurement Focus

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

C. Basis of Accounting

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

ZANESVILLE COMMUNITY HIGH SCHOOL, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

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 2021, 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, 2021, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the year in which services are consumed.

H. Net Position

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

ZANESVILLE COMMUNITY HIGH SCHOOL, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Operating Revenues and Expenses

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

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

J. Estimates

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

NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLE

For 2021, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 84, “Fiduciary Activities,” and Statement No. 90, “Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61.”

GASB Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. GASB Statement No. 90 establishes criteria for reporting a government’s majority equity interest in a legally separate organization. The implementation of these statements did not result in a restatement of the District’s financial statements.

ZANESVILLE COMMUNITY HIGH SCHOOL, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021**

NOTE 4 – CASH AND CASH EQUIVALENTS

Protection of the High School’s deposits is provided by the Federal Deposit Insurance Corporation (FDIC) or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Custodial credit risk is the risk that, in the event of a bank failure, the High School’s deposits may not be returned. The School does not have a deposit policy for custodial credit risk. At June 30, 2021, the bank balance of the School’s deposits was \$615,940. 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, 2021 consisted of intergovernmental grant receivables.

NOTE 6 - CAPITAL ASSETS

Summary by category of changes in capital assets at June 30, 2021:

<i>Historical Cost:</i>	Balance			Balance
Class	June 30, 2019	Additions	Deletions	June 30, 2020
<i>Capital assets being depreciated:</i>				
Equipment	\$12,893	\$0	\$0	\$12,893
Total Cost	<u>\$12,893</u>	<u>\$0</u>	<u>\$0</u>	<u>\$12,893</u>
<i>Accumulated Depreciation:</i>				
Class	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Equipment	(\$6,123)	(\$1,289)	\$0	(\$7,412)
Total Depreciation	<u>(\$6,123)</u>	<u>(\$1,289)</u>	<u>\$0</u>	<u>(\$7,412)</u>
<i>Net Value:</i>	<u>\$6,770</u>			<u>\$5,481</u>

NOTE 7 - RISK MANAGEMENT

The High School is exposed to various risks of loss related to torts; errors and omissions; and natural disasters. During the fiscal year ended June 30, 2021, the High School had liability insurance through the Zanesville City School District’s policy.

ZANESVILLE COMMUNITY HIGH SCHOOL, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2021

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 2021, \$1,213,987 was provided by the Sponsor for administrative, fiscal, and student services provided to the High School. The High School paid all but \$143,915 of this amount as of June 30, 2021. This amount is reflected as a Due to Primary Government in the financial statements.

Direct Expenses	Instruction Regular	Instruction Special	Instruction Intervention	Support Services	Non-Instructional Services - Other	Total
Professional and Technical Services	\$254,518	\$233,779	\$4,989	\$520,945	\$23,141	1,037,372
Materials and Supplies	8,680	22,998	0	53,100	7,870	92,648
Other Expense	0	0	0	9,597	0	9,597
Totals	<u>\$263,198</u>	<u>\$256,777</u>	<u>\$4,989</u>	<u>\$583,642</u>	<u>\$31,011</u>	<u>\$1,139,617</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, 2021.

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, 2021.

NOTE 10 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June of 2021 while the national state of emergency continues. During fiscal year 2021, the school district received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. Additional funding has been made available through the Consolidated Appropriations Act, 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

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

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

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

To the Board of Education:

We have audited, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Zanesville Community High School, Muskingum County, a component unit of Zanesville City School District, Muskingum County, Ohio as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Zanesville Community High School's basic financial statements and have issued our report thereon dated December 16, 2021.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Zanesville Community High School's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions of the financial statements, but not to the extent necessary to opine of the effectiveness of the Zanesville Community High School's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all 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 Zanesville Community High School's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the financial 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 Zanesville Community High School's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Zanesville Community High School's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
December 16, 2021

OHIO AUDITOR OF STATE KEITH FABER



ZANESVILLE COMMUNITY HIGH SCHOOL

MUSKINGUM COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 2/8/2022

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