



Dave Yost • Auditor of State



**FOXFIRE INTERMEDIATE SCHOOL  
MUSKINGUM COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Foxfire Intermediate School  
Muskingum County  
2805 Pinkerton Road  
Zanesville, Ohio 43701

To the Board of Directors:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Foxfire Intermediate School, Muskingum County, Ohio, a component unit of Maysville Local School District, Muskingum County, Ohio, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Foxfire Intermediate 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 Foxfire Intermediate 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 Foxfire Intermediate 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 the overall financial statement presentation.

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

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**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Foxfire Intermediate School, Muskingum County, as of June 30, 2014, 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 February 4, 2015, on our consideration of the Foxfire Intermediate 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 Foxfire Intermediate School's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

Columbus, Ohio

February 4, 2015

**Foxfire Intermediate School**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2014*  
*Unaudited*

The discussion and analysis of the Foxfire Intermediate School's financial performance provides an overall review of the Foxfire Intermediate School's financial activities for the fiscal year ended June 30, 2014. Readers should also review the basic financial statements and notes to enhance their understanding of the Foxfire Intermediate School's financial performance.

**Intermediate Highlights**

The Foxfire Intermediate School opened for its first year of operation in fiscal year 2011 for intermediate school age students who are at risk of dropping out of school, home schooled students, students who have experienced lack of success in traditional elementary and middle school settings, and nontraditional students of middle school age. During fiscal year 2014, the Foxfire Intermediate School provided services to 115 full-time students.

**Using this Annual Financial Report**

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

The statement of net position and the statement of revenues, expenses, and changes in net position reflect how the Foxfire Intermediate School did financially during fiscal year 2014. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal years' revenues and expenses regardless of when cash is received or paid.

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

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

Table 1 provides a summary of the Foxfire Intermediate School's net position for 2014 compared to 2013:

Table 1 - Net Position

	<u>2014</u>	<u>2013</u>	<u>Change</u>
<b><u>Assets:</u></b>			
Current and Other Assets	\$96,361	\$27,069	\$69,292
Depreciable Capital Assets, Net	118,850	141,627	(22,777)
<b>Total Assets</b>	<b><u>215,211</u></b>	<b><u>168,696</u></b>	<b><u>46,515</u></b>
<b><u>Liabilities:</u></b>			
Current and Other Liabilities	174,883	117,660	57,223
Long-Term Liabilities	6,111	5,429	682
<b>Total Liabilities</b>	<b><u>180,994</u></b>	<b><u>123,089</u></b>	<b><u>57,905</u></b>
<b><u>Net Position:</u></b>			
Net Investment in Capital Assets	118,850	141,627	(22,777)
Unrestricted	(84,633)	(96,020)	11,387
<b>Total Net Position</b>	<b><u>\$34,217</u></b>	<b><u>\$45,607</u></b>	<b><u>(\$11,390)</u></b>

**Foxfire Intermediate School**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2014*  
*Unaudited*

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Total assets increased \$46,515 during fiscal year 2014. This increase is directly attributable to an increase in cash and cash equivalents in the amount of \$56,006 and an increase in intergovernmental receivables in the amount of \$13,286 which were offset by a decrease in capital assets in the amount of \$22,777. The increase in cash and cash equivalents is due to an increase in funding from State and federal grant programs as a result of an increase in student enrollment. Student enrollment increased by 35 students from fiscal year 2013 to fiscal year 2014. State and federal grant revenues increased in the amount of \$31,771 from fiscal year 2013 to fiscal year 2014 which was primarily due to the receipt of an additional \$30,541 in fiscal years 2014 over 2013 through the Title I grant program. Capital assets decreased as a result of current year depreciation exceeding current year purchases of equipment.

Total liabilities increased \$57,905 during fiscal year 2014. Long-term liabilities increased in the amount of \$682 due to an increase in compensated absences. The increase in current and other liabilities in the amount of \$57,223 is due to an increase in accrued wages and benefits payable, vacation benefits payable, and intergovernmental payables. These increases are the direct result of an increase in staff due to the increase in student enrollment.

Table 2 reflects the changes in net position for fiscal year ended June 30, 2014 and comparisons to fiscal year 2013.

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**Foxfire Intermediate School**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2014*  
*Unaudited*

Table 2 - Change in Net Position

	2014	2013	Change
<u>Operating Revenues:</u>			
Foundation	\$1,200,995	\$640,721	\$560,274
Extracurricular Activities	974	664	310
Total Operating Revenues	<u>1,201,969</u>	<u>641,385</u>	<u>560,584</u>
<u>Non-Operating Revenues:</u>			
State and Federal Grants	115,169	83,398	31,771
Interest	201	103	98
Other Non-Operating Revenue	5	0	5
Total Non-Operating Revenues	<u>115,375</u>	<u>83,501</u>	<u>31,874</u>
Total Revenues	<u>1,317,344</u>	<u>724,886</u>	<u>592,458</u>
<u>Operating Expenses:</u>			
Salaries	705,680	516,498	189,182
Fringe Benefits	210,472	141,019	69,453
Purchased Services	375,949	159,103	216,846
Materials and Supplies	8,197	9,305	(1,108)
Depreciation	26,646	25,648	998
Other Operating Expenses	1,790	0	1,790
Total Operating Expenses	<u>1,328,734</u>	<u>851,573</u>	<u>477,161</u>
Total Decrease in Net Position	(11,390)	(126,687)	115,297
Net Position Beginning of Year	45,607	172,294	(126,687)
Net Position End of Year	<u>\$34,217</u>	<u>\$45,607</u>	<u>(\$11,390)</u>

During fiscal year 2014, operating revenues increased in the amount of \$560,584. This increase is primarily due to an increase in foundation revenue in the amount of \$560,274 as a result of the increase in student enrollment by 35 students from fiscal year 2013 to fiscal year 2014. The increase in non-operating revenue in the amount of \$31,874 was the result of an increase in State and federal grants primarily due to an increase in Title I funding during fiscal year 2014.

During fiscal year 2014, operating expenses increased \$477,161. The increase in operating expenses is primarily due to an increase in salaries, fringe benefits, and the addition of seven new positions during fiscal year 2014 due to the increase in student enrollment. Purchased services increased in fiscal year 2014 due to increases in rent and utility payments paid to the sponsor and increases in other contract services. During fiscal year 2013, Foxfire Intermediate School paid less money for rent and utility services to the sponsor because the School was experiencing some financial difficulties. During fiscal year 2014, Foxfire Intermediate School's financial position improved; therefore, the School was able to increase payments to the sponsor for rent and utility services.

**Foxfire Intermediate School**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2014*  
*Unaudited*

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**Budgeting**

The Foxfire Intermediate 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 2014, the Foxfire Intermediate School had \$118,850 in capital assets. See Note 4 for additional information regarding capital assets.

Debt

The Foxfire Intermediate School did not incur any debt during fiscal year 2014.

**Current Design**

The Foxfire Intermediate School is designed for potential high school dropouts, home schooled students, students who have experienced lack of success in traditional elementary and middle school settings, and non-traditional students of middle school age and beyond. The program provides an open, non-discriminative environment where students are encouraged to work at their own pace while staff helps students overcome barriers that have hindered past academic achievements. This School will offer and operate a Student Support Team comprised of members from many local agencies that can offer assistance and programming to the students and their families. Foxfire Intermediate School is especially appealing to students by offering small class sizes, personal development, teaching Core Values, extensive wrap-around services and educational adaptability.

The Foxfire Intermediate School is based upon the Stephen Covey's Seven Habits of Highly Effective People. Students are expected to be introduced and given essential skills and areas of knowledge. The curriculum will be relevant and modeled from the sponsoring schools. Teaching and learning is personalized with students and their families. Teachers are coaches and teach students the capacity to learn so they ultimately teach themselves. Our wrap-around services will provide a foundation to the growth of each student.

**Contacting the Foxfire Intermediate School's Financial Management**

This financial report is designed to provide citizens, taxpayers, and creditors with a general overview of the Foxfire Intermediate School's finances and to show the Foxfire Intermediate School's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Lewis Sidwell, Treasurer, Foxfire Intermediate School, 2805 Pinkerton Road, Zanesville, Ohio 43701. You may also E-mail the treasurer at [lsidwell@laca.org](mailto:lsidwell@laca.org).

**Foxfire Intermediate School**

*Statement of Net Position*

*June 30, 2014*

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<u>Assets:</u>	
Current Assets:	
Cash and Cash Equivalents	\$82,375
Intergovernmental Receivable	13,986
Total Current Assets	<u>96,361</u>
Noncurrent Assets:	
Depreciable Capital Assets, Net	118,850
Total Assets	<u>215,211</u>
<u>Liabilities:</u>	
Current Liabilities:	
Accrued Wages and Benefits Payable	125,262
Intergovernmental Payable	46,493
Vacation Benefit Payable	3,128
Total Current Liabilities	<u>174,883</u>
Long-Term Liabilities:	
Due In More Than One Year	6,111
Total Liabilities	<u>180,994</u>
<u>Net Position:</u>	
Net Investment in Capital Assets	118,850
Unrestricted	(84,633)
Total Net Position	<u>\$34,217</u>

See accompanying notes to the basic financial statements

**Foxfire Intermediate School**  
*Statement of Revenues, Expenses, and Changes in Net Position*  
*For the Fiscal Year Ended June 30, 2014*

<u>Operating Revenues:</u>	
Foundation	\$1,200,995
Extracurricular Activities	974
Total Operating Revenues	<u>1,201,969</u>
 <u>Operating Expenses:</u>	
Salaries	705,680
Fringe Benefits	210,472
Purchased Services	375,949
Materials and Supplies	8,197
Depreciation	26,646
Other Operating Expenses	1,790
Total Operating Expenses	<u>1,328,734</u>
 Operating Loss	 <u>(126,765)</u>
 <u>Non-Operating Revenues:</u>	
State and Federal Grants	115,169
Interest	201
Other Non-Operating Revenues	5
Total Non-Operating Revenues	<u>115,375</u>
 Change in Net Position	 (11,390)
 Net Position Beginning of Year	 <u>45,607</u>
Net Position End of Year	<u><u>\$34,217</u></u>

See accompanying notes to the basic financial statements

**Foxfire Intermediate School**  
*Statement of Cash Flows*  
For the Fiscal Year Ended June 30, 2014

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<u>Increase (Decrease) in Cash and Cash Equivalents</u>	
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Foundation	\$1,200,995
Cash Received from Extracurricular Activities	974
Cash Payments for Employee Services and Benefits	(858,247)
Cash Payments to Suppliers for Goods and Services	(384,146)
Other Operating Expenses	(1,790)
Other Non-Operating Revenue	5
	5
Net Cash Used for Operating Activities	(42,209)
<u>Cash Flows from Noncapital Financing Activities:</u>	
State and Federal Grants Received	101,883
<u>Cash Flows from Capital and Related Financing Activities</u>	
Acquisition of Capital Assets	(3,869)
<u>Cash Flows from Investing Activities:</u>	
Interest on Investments	201
	201
Net Increase in Cash and Cash Equivalents	56,006
Cash and Cash Equivalents Beginning of Year	26,369
	26,369
Cash and Cash Equivalents End of Year	\$82,375
	\$82,375
<u>Reconciliation of Operating Loss to</u>	
<u>Net Cash Used for Operating Activities</u>	
Operating Loss	(\$126,765)
<u>Adjustments to Reconcile Operating Loss</u>	
<u>to Net Cash Used for Operating Activities:</u>	
Depreciation	26,646
Non-Operating Revenue	5
<u>Changes in Assets and Liabilities:</u>	
Increase in Accrued Wages and Benefits Payable	28,684
Increase in Vacation Benefits Payable	1,280
Increase in Intergovernmental Payable	27,259
Increase in Compensated Absences Payable	682
	682
Net Cash Used for Operating Activities	(\$42,209)
	(\$42,209)
See accompanying notes to the basic financial statements	

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**Foxfire Intermediate School**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2014*

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**Note 1 - Description of the School**

The Foxfire Intermediate School is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The Foxfire Intermediate 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 Foxfire Intermediate School's tax exempt status. The Foxfire Intermediate School's mission is to maximize all students' potential by the teaching of high academic standards and overall student wellness to increase capabilities by bridging gaps in the best interests of each individual student. The Foxfire Intermediate School is designed to serve potential high school dropouts, home schooled students, students who have experienced lack of success in traditional elementary and middle school settings, and non-traditional students of middle school age and beyond.

The Foxfire Intermediate School was established on May 15, 2010 and began its first year of operations in fiscal year 2011. Foxfire Intermediate School entered into a contract with the Maysville Local School District (the Sponsor). The Sponsor is responsible for evaluating the performance of the Foxfire Intermediate School and has the authority to deny renewal of the contract at its expiration. The Sponsor is also the fiscal agent of Foxfire Intermediate School with the Treasurer of the Sponsor serving as the role of Treasurer for Foxfire Intermediate School.

The Foxfire Intermediate School operates under the direction of a five-member Board of Directors comprised of five community members recommended by the Executive Director after consulting with the Sponsor's Superintendent. All governing authority members are required to live and/or work in the Zanesville-Muskingum County community and are to represent the interest of the Muskingum County community. The Board of Directors approves Foxfire Intermediate School's staff of four noncertified and eight certificated full time teaching personnel who provide services to 115 students. Foxfire Intermediate School is a component unit of the Sponsor. The Sponsor is able to impose its will on Foxfire Intermediate School and due to their relationship with the Sponsor it would be misleading to exclude them. The Sponsor can suspend the Foxfire Intermediate School's operations for any of the following reasons: 1) The Foxfire Intermediate School's failure to meet student performance requirements stated in its contract with the Sponsor, 2) The Foxfire Intermediate School's failure to meet generally accepted standards of fiscal management, 3) The Foxfire Intermediate School's violation of any provisions of the contract with the Sponsor or applicable state or federal law, or 4) Other good cause. The Board of Directors are responsible for carrying out the provisions of the contract which include, but are not limited to, helping create, approve, and monitor the annual budget, develop policies to guide operations, secure funding, and maintain a commitment to vision, mission, and belief statements of the Foxfire Intermediate School and the students it serves. The Foxfire Intermediate School uses the facilities provided by the Sponsor. In the initial months of operation of the Foxfire Intermediate School, the employees were considered employees of the Sponsor. Beginning January 1, 2011, the employees became employees of Foxfire Intermediate School.

**Note 2 - Summary of Significant Accounting Policies**

The financial statements of the Foxfire Intermediate School have been prepared in conformity with generally accepted accounting principals (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 Foxfire Intermediate School's accounting policies are described below.

**Foxfire Intermediate School**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2014*

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**A. Basis of Presentation**

The Foxfire Intermediate 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 Foxfire Intermediate 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 Foxfire Intermediate 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 Foxfire Intermediate 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 Foxfire Intermediate 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 Foxfire Intermediate School receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Foxfire Intermediate School must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Foxfire Intermediate 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 Foxfire Intermediate School's contract with its Sponsor. The contract between Foxfire Intermediate School and its Sponsor does not prescribe an annual budget requirement in addition to preparing a five year forecast, which is updated on an annual basis.

**E. Cash and Cash Equivalents**

Cash received by Foxfire Intermediate 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 2014, the Foxfire Intermediate School had no investments.



**Foxfire Intermediate School**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2014*

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**F. Capital Assets**

Foxfire Intermediate School's capital assets during fiscal year 2014 consisted of computer equipment, video equipment, office equipment, and signs. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated fixed assets are recorded at their fair market values as of the date received. Foxfire Intermediate School maintains a capitalization threshold of five hundred dollars. All of Foxfire Intermediate School's reported capital assets are depreciated using the straight-line method over the useful lives ranging from five to 15 years.

**G. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that Foxfire Intermediate School will compensate the employees for the benefits through paid time off or some other means. Foxfire Intermediate School records a liability for vacation time when earned.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Foxfire Intermediate School has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in Foxfire Intermediate School's termination policy. Foxfire Intermediate School currently has one employee that it anticipates as being probable to retire.

**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 or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

Net position restricted for other purposes include federal grants restricted to expenditures for specified purposes. The Foxfire Intermediate School applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**I. Operating Revenues and Expenses**

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

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

**Foxfire Intermediate School**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2014*

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**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 - Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, Foxfire Intermediate School's deposits may not be returned. Foxfire Intermediate School does not have a deposit policy for custodial credit risk. At June 30, 2014, the bank balance of Foxfire Intermediate School's deposits was \$89,600. All of the bank balance was covered by federal depository insurance. There are no significant statutory restrictions regarding the deposit and investment of funds by the Foxfire Intermediate School.

**Note 4 – Capital Asset Note**

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
Equipment	\$184,749	\$3,869	\$0	\$188,618
Less Accumulated Depreciation	(43,122)	(26,646)	0	(69,768)
Capital Assets, Net	<u>\$141,627</u>	<u>(\$22,777)</u>	<u>\$0</u>	<u>\$118,850</u>

**Note 5 – Intergovernmental Receivable**

Receivables at June 30, 2014, consisted of intergovernmental grants. The receivables are expected to be collected in full within one year.

A summary of principal items of intergovernmental receivables follows:

<b>Governmental Activities</b>	<u>Amounts</u>
Title I	\$13,972
Title II-A	<u>14</u>
Total	<u>\$13,986</u>

**Note 6 – Risk Management**

Foxfire Intermediate School is exposed to various risks of loss related to torts; errors and omissions; and natural disasters. During the fiscal year ended June 30, 2014, Foxfire Intermediate School maintains liability insurance through the Maysville Local School District's policy. Employees are fully insured for health coverage through Medical Mutual of Ohio and through the Guardian Life Insurance Company of America for dental and vision benefits.

**Foxfire Intermediate School**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2014*

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**Note 7 – Purchased Services**

For the period July 1, 2013 through June 30, 2014, purchased service expenses were for the following services:

<u>Type</u>	<u>Amount</u>
Professional and Technical Services	\$152,501
Audit Services	7,516
Rent	<u>215,932</u>
Total	<u><u>\$375,949</u></u>

**Note 8 – Related Party Transactions**

The Board of Directors of Foxfire Intermediate School consists of five community members recommended by the Executive Director of Foxfire Intermediate School after consulting with Maysville Local School District's (Sponsor) Superintendent. The Foxfire Intermediate School is presented as a component unit of the Sponsor.

During fiscal year 2014, the Foxfire Intermediate School paid the Sponsor \$215,932 for rent, utilities, and other support services provided to the Foxfire Intermediate School. As of June 30, 2014, there were no amounts owed by Foxfire Intermediate School to the Sponsor. The Foxfire Intermediate School is located in a portion of facilities previously utilized by the Sponsor.

**Note 9 – Defined Benefit Pension Plans**

**A. School Employees Retirement System**

Plan Description – Foxfire Intermediate School contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan, for employees. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and Foxfire Intermediate School is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2014, the allocation to pension and death benefits was 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. Foxfire Intermediate School's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2014, 2013, and 2012 was \$16,137, \$15,205, and \$18,258, respectively. For fiscal year 2014, 73.38 percent has been contributed, with the balance being reported in intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

**Foxfire Intermediate School**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2014*

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**B. State Teachers Retirement System**

Plan Description – Foxfire Intermediate School participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 11 percent for members and 14 percent for employers. The statutory maximum employee contribution rate was increased one percent July 1, 2013, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2014, plan members were required to contribute 11 percent of their annual covered salary. Foxfire Intermediate School was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2013, the portion used to fund pension obligations was also 13 percent.

Foxfire Intermediate School's required contributions to STRS Ohio for the DB Plan was \$91,473 for fiscal year ended June 30, 2014, \$41,491 for fiscal year ended June 30, 2013, and \$51,985 for fiscal year ended June 30, 2012. For fiscal year 2014, 66.29 percent has been contributed for the DB Plan with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal year 2013 and 2012. Foxfire Intermediate School had no participates in the defined benefit portion of the Combined Plan.

Contributions made to STRS Ohio for the DC Plan for fiscal year 2014 were \$4,945 made by Foxfire Intermediate School and \$3,885 made by the plan members.

**Foxfire Intermediate School**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2014*

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**Note 10 – Post Employment Benefits**

**A. School Employees Retirement System**

Plan Description – Foxfire Intermediate School participates in two cost-sharing multiple employer defined benefit other postemployment benefit (OPEB) plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2014, 0.14 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for fiscal year 2014, this amount was \$20,250. During fiscal year 2014, Foxfire Intermediate paid \$2,052 in surcharge.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Foxfire Intermediate School's contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012, were \$2,435, \$2,238, and \$2,379, respectively. For fiscal year 2014, 4.89 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal year 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2014, this actuarially required allocation was 0.76 percent of covered payroll. Foxfire Intermediate School's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$940, \$861, and \$1,077, respectively. For fiscal year 2014, 73.38 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal year 2013 and 2012.

**B. State Teachers Retirement System**

Plan Description – Foxfire Intermediate School participates in the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

**Foxfire Intermediate School**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2014*

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Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2014, STRS Ohio allocated employer contributions equal to one percent of covered payroll to post-employment health care. Foxfire Intermediate School’s contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012 were \$7,417, \$3,247, and \$3,999, respectively. For fiscal year 2014, 66.29 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012. The STRS Board voted to discontinue the current one percent allocation to the health care fund effectively July 1, 2014.

**Note 11 - Contingencies**

**A. Grants**

The Foxfire Intermediate School received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Foxfire Intermediate School at June 30, 2014.

**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 Foxfire Intermediate School. These reviews are conducted to ensure the Foxfire Intermediate School is reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. The Ohio Department of Education funding review of fiscal year 2013 resulted in an underpayment to Foxfire Intermediate School in the amount of \$39,785 which was received during fiscal year 2014. The Ohio Department of Education funding review of fiscal year 2014 reflected an overpayment of \$352.

**Note 12 – Long-Term Obligations**

The changes in Foxfire Intermediate School’s long-term obligations during the year consist of the following:

	Outstanding <u>6/30/2013</u>	<u>Additions</u>	<u>Deletions</u>	Outstanding <u>6/30/2014</u>	Due Within <u>One Year</u>
Compensated Absences	<u>\$5,429</u>	<u>\$682</u>	<u>\$0</u>	<u>\$6,111</u>	<u>\$0</u>



# 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

Foxfire Intermediate School  
Muskingum County  
2805 Pinkerton Road  
Zanesville, Ohio 43701

To the Board of Directors:

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 Foxfire Intermediate School, Muskingum County, Ohio, a component unit of Maysville Local School District, Muskingum County, as of and for the year ended June 30, 2014, and the related notes to the financial statements, and have issued our report thereon dated February 4, 2015.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Foxfire Intermediate 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 Foxfire Intermediate 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 Foxfire Intermediate 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 Foxfire Intermediate 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 Foxfire Intermediate School's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Foxfire Intermediate 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 "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

February 4, 2015





# Dave Yost • Auditor of State

**FOXFIRE INTERMEDIATE 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  
FEBRUARY 17, 2015**