

COSHOCTON CITY SCHOOL DISTRICT
ANNUAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

WOLFE, WILSON & PHILLIPS, INC.
CERTIFIED PUBLIC ACCOUNTANTS

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**COSHOCTON CITY SCHOOL DISTRICT
COSHOCTON COUNTY**

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**COSHOCTON CITY SCHOOL DISTRICT
COSHOCTON COUNTY**

**ELECTED OFFICIALS
AS OF JUNE 30, 1999**

<u>Board of Education</u>	<u>Title</u>	<u>Term of Office</u>
Tom Thompson	President	1/1/96-12/31/99
Lewis Blackson	Vice President	1/1/96-12/31/99
Tad Johnson	Member	1/1/97-12/31/00
Robert Weir	Member	1/1/97-12/31/00
Christine Cugliari	Member	1/1/96-12/31/99

Statutory Legal Counsel

Joseph R. Skelton
Coshocton City Law Director
Coshocton City Hall
760 Chestnut Street
Coshocton, Ohio 43812

Official Address

Coshocton City School District
1207 Cambridge Road
Coshocton, Ohio 43812

COSHOCTON CITY SCHOOL DISTRICT
COSHOCTON COUNTY

ADMINISTRATIVE PERSONNEL
AS OF JUNE 30, 1999

<u>Name</u>	<u>Title</u>	<u>Contract Period</u>	<u>Surety</u>	<u>Amount</u>	<u>Period</u>
Gary L. Lowe	Treasurer	1/1/97-12/31/00	(A)	\$ 100,000	1/15/99 to 1/15/02
Dennis M. Demcho	Superintendent	8/1/96-7/31/99	(B)	\$ 25,000	8/1/98 to 8/1/99

(A) Century Surety Company

(B) Utica Mutual Insurance Company

COSHOCTON CITY SCHOOL DISTRICT
COSHOCTON COUNTY

INDEX OF FUNDS

GOVERNMENTAL FUND TYPES:

General Fund Type:

- General Fund

Special Revenue Fund Type:

- Public School Support Fund
- Venture Capital Grant Fund
- Athletic Fund
- Disadvantaged Pupil Program Fund
- Teacher Development Fund
- Education Management Information Systems Fund
- Disadvantaged Pupil Impact Aid Fund
- Parent Mentor Grant Fund
- Education for Economic Security Act Fund
- Title VI-B Fund – Special Education: Assistance to States for Handicapped Children
- Title I Fund – Special Education Needs of Disadvantaged Children
- Title VI Fund – Consolidation of Federal Programs for Elementary and Secondary Education
 - EHA Preschool Grant for the Handicapped Fund
 - Eisenhower Professional Development State Grant
- School Net Plus
 - Auxilliary Services
 - School to Work

Debt Service Fund Type:

- Bond Retirement Fund

Capital Projects Fund Type:

- Permanent Improvement Fund
- Technology Equity Grant Fund

PROPRIETARY FUND TYPES:

Enterprise Fund Type:

- Food Service Fund
- Uniform School Supplies Fund
- Recreation Fund

Internal Service Fund Type:

- Internal Rotary Fund
- Employee Benefits Self Insurance Dental Fund

FIDUCIARY FUND TYPES:

Trust Fund Type:

- Special Trust Fund
- Endowment Fund

Agency Fund Type:

- Student Managed Activity Fund



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street, 1st Floor
Columbus, Ohio 43215

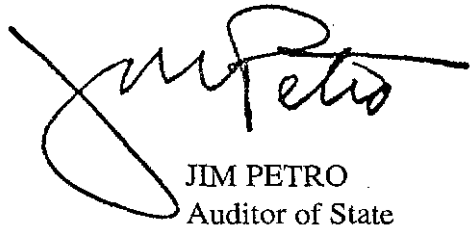
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Facsimile 614-728-7398

Board of Education
Coshocton City School District
Coshocton, Ohio

We have reviewed the Independent Auditor's Report of the Coshocton City School District, Coshocton County, prepared by Wolfe, Wilson & Phillips, Inc., for the audit period July 1, 1998 through June 30, 1999. 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. The Coshocton City School District is responsible for compliance with these laws and regulations.



JIM PETRO
Auditor of State

December 29, 1999

WOLFE, WILSON, & PHILLIPS, INC.

CERTIFIED PUBLIC ACCOUNTANTS

37 S. SEVENTH STREET • ZANESVILLE, OHIO 43701

(740) 453-9600 • FAX - (740) 453-9763

INDEPENDENT AUDITORS' REPORT

Board of Education
Coshocton City School District
Coshocton, Ohio

We have audited the accompanying general-purpose financial statements of the Coshocton City School District as of and for the year ended June 30, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates, if any, made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Coshocton City School District as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 4, 1999, on our consideration of Coshocton City School District's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of Coshocton City School District, taken as a whole. The accompanying schedule of expenditures of federal awards expenditures is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. The Statement of Changes in Assets and Liabilities Agency Fund is also presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Wolfe, Wilson, & Phillips, Inc.

Zanesville, Ohio
November 4, 1999

Brad Wolfe, J.D., M.B.A., CPA
Joseph W. Wilson, M.B.A., CPA, CMA
Kenneth B. Phillips, CPA

COSHOCTON CITY SCHOOL DISTRICT, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1999

	<i>Governmental</i>			
	<i>Fund Types</i>			
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds
Assets and Other Debits:				
Assets:				
Cash and Cash Equivalents	\$1,491,978	\$360,823	\$55,081	\$387,121
Receivables (net of allowance for doubtful accounts):				
Taxes	4,559,941	0	0	243,241
Accounts	1,155	0	0	0
Interest	217	0	0	92
Advances to Other Funds	8,500	0	0	0
Due from Other Funds	3,500	0	0	0
Inventory of Supplies at Cost	0	0	0	0
Prepaid Items	19,522	0	0	0
Restricted Assets:				
Cash and Cash Equivalents	68,353	0	0	0
Investments	0	0	0	0
Fixed Assets (net of accumulated depreciation)	0	0	0	0
Other Debits:				
Amount Available in Debt Service Fund	0	0	0	0
Amount to be Provided for				
General Long-Term Obligations	0	0	0	0
Total Assets and Other Debits	\$6,153,166	\$360,823	\$55,081	\$630,454
Liabilities, Equity and Other Credits:				
Liabilities:				
Accounts Payable	\$63,704	\$5,614	\$0	\$18,401
Accrued Wages and Benefits	986,688	55,015	0	0
Intergovernmental Payables	193,365	11,607	0	0
Advances from Other Funds	0	7,500	0	0
Due to Other Funds	0	3,500	0	0
Due to Students	0	0	0	0
Claims Payable	0	0	0	0
Deferred Revenue	4,289,043	0	0	92
Deferred Revenue - Taxes	0	0	0	243,241
Energy Conservation Bond Payable	0	0	0	0
Compensated Absences Payable	0	0	0	0
Capital Lease Payable	0	0	0	0
Total Liabilities	5,532,800	83,236	0	261,734
Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balances:				
Reserved for Encumbrances	257,004	39,873	0	51,322
Reserved for Property Taxes	271,115	0	0	0
Statutory Reserves	68,353	0	0	0
Reserved for Prepaid Items	19,522	0	0	0
Reserved for Endowments	0	0	0	0
Reserved for Debt Service	0	0	55,081	0
Unreserved:				
Undesignated	4,372	237,714	0	317,398
Total Equity and Other Credits	620,366	277,587	55,081	368,720
Total Liabilities, Equity and Other Credits	\$6,153,166	\$360,823	\$55,081	\$630,454

The notes to the general purpose financial statements are an integral part of this statement.

COSHOCTON CITY SCHOOL DISTRICT, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1999

<i>Proprietary</i>		<i>Fiduciary</i>	<i>Account</i>		Totals (Memorandum Only)
<i>Fund Types</i>		<i>Fund Types</i>	<i>Groups</i>		
Enterprise Funds	Internal Service Funds	Trust and Agency Funds	General Fixed Assets	General Long-Term Obligations	
\$340,798	\$332,034	\$72,126	\$0	\$0	\$3,039,961
0	0	0	0	0	4,803,182
0	0	0	0	0	1,155
124	84	792	0	0	1,309
0	0	0	0	0	8,500
0	0	0	0	0	3,500
21,380	0	0	0	0	21,380
0	0	0	0	0	19,522
0	0	0	0	0	68,353
0	0	441,204	0	0	441,204
78,842	0	0	11,988,036	0	12,066,878
0	0	0	0	55,081	55,081
0	0	0	0	1,898,336	1,898,336
<u>\$441,144</u>	<u>\$332,118</u>	<u>\$514,122</u>	<u>\$11,988,036</u>	<u>\$1,953,417</u>	<u>\$22,428,361</u>
\$919	\$8,243	\$103	\$0	\$0	\$96,984
27,013	0	0	0	0	1,068,716
18,068	0	0	0	90,232	313,272
0	0	1,000	0	0	8,500
0	0	0	0	0	3,500
0	0	43,626	0	0	43,626
0	138,595	0	0	0	138,595
12,412	0	0	0	0	4,301,547
0	0	0	0	0	243,241
0	0	0	0	440,556	440,556
44,773	0	0	0	1,206,921	1,251,694
0	0	0	0	215,708	215,708
<u>103,185</u>	<u>146,838</u>	<u>44,729</u>	<u>0</u>	<u>1,953,417</u>	<u>8,125,939</u>
0	0	0	11,988,036	0	11,988,036
104,372	0	0	0	0	104,372
233,587	185,280	0	0	0	418,867
0	0	603	0	0	348,802
0	0	0	0	0	271,115
0	0	0	0	0	68,353
0	0	0	0	0	19,522
0	0	447,198	0	0	447,198
0	0	0	0	0	55,081
0	0	21,592	0	0	581,076
<u>337,959</u>	<u>185,280</u>	<u>469,393</u>	<u>11,988,036</u>	<u>0</u>	<u>14,302,422</u>
<u>\$441,144</u>	<u>\$332,118</u>	<u>\$514,122</u>	<u>\$11,988,036</u>	<u>\$1,953,417</u>	<u>\$22,428,361</u>

COSHOCTON CITY SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Governmental			Fiduciary		Totals (Memorandum Only)
	Fund Types			Fund Type		
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Expendable Trust Fund	
Revenues:						
Local Sources:						
Taxes	\$4,501,765	\$0	\$70,800	\$241,084	\$0	\$4,813,649
Investment Earnings	110,364	2,595	0	20,949	320	134,228
Extracurricular Activities	0	238,790	0	0	0	238,790
Class Material and Fees	6,275	2,927	0	0	0	9,202
Intergovernmental - State	5,692,181	528,956	0	107,295	0	6,328,432
Intergovernmental - Federal	0	398,305	0	0	0	398,305
All Other Revenues	7,670	34,654	0	0	8,715	51,039
Total Revenues	10,318,255	1,206,227	70,800	369,328	9,035	11,973,645
Expenditures:						
Current:						
Instruction	6,306,835	519,426	0	0	0	6,826,261
Supporting Services:						
Pupils	403,336	46,862	0	0	0	450,198
Instructional Staff	460,623	246,479	0	159,947	5,069	872,118
Board of Education	58,038	0	0	0	0	58,038
Administration	873,069	67,167	0	0	0	940,236
Fiscal Services	335,281	0	0	6,696	0	341,977
Business	110,431	3,432	0	0	0	113,863
Operation and Maintenance of Plant	1,173,668	0	0	0	0	1,173,668
Pupil Transportation	223,387	0	0	0	0	223,387
Central	23,260	0	0	0	0	23,260
Community Services	10,899	49,888	0	0	2,269	63,056
Extracurricular Activities	141,960	185,624	0	0	0	327,584
Capital Outlay	0	0	0	254,624	1,650	256,274
Debt Service:						
Principal Retirement	0	0	42,000	0	0	42,000
Interest and Fiscal Charges	0	0	28,053	0	0	28,053
Total Expenditures	10,120,787	1,118,878	70,053	421,267	8,988	11,739,973
Excess (Deficiency) of Revenues Over (Under) Expenditures	197,468	87,349	747	(51,939)	47	233,672
Other Financing Sources (Uses):						
Refunds of Prior Years' Expenditures	5,217	0	0	0	0	5,217
Operating Transfers In	292	33,743	0	125,000	0	159,035
Operating Transfers Out	(157,072)	(1,963)	0	0	0	(159,035)
Total Other Financing Sources (Uses)	(151,563)	31,780	0	125,000	0	5,217
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	45,905	119,129	747	73,061	47	238,889
Fund Balance Beginning of Year	574,461	158,458	54,334	295,659	22,148	1,105,060
Fund Balance End of Year	\$620,366	\$277,587	\$55,081	\$368,720	\$22,195	\$1,343,949

The notes to the general purpose financial statements are an integral part of this statement.

COSHOCTON CITY SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FISCAL YEAR ENDED JUNE 30, 1999

	<i>General Fund</i>			<i>Special Revenue Funds</i>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Local Sources:						
Taxes	\$4,561,650	\$4,462,794	(\$98,856)	\$0	\$0	\$0
Investment Earnings	114,400	110,364	(4,036)	3,812	2,595	(1,217)
Extracurricular Activities	0	0	0	245,941	238,790	(7,151)
Class Material and Fees	6,200	6,275	75	3,238	2,927	(311)
Intergovernmental - State	5,527,083	5,692,181	165,098	551,485	560,591	9,106
Intergovernmental - Federal	0	0	0	516,682	455,691	(60,991)
All Other Revenues	11,922	6,902	(5,020)	36,505	34,654	(1,851)
Total Revenues	<u>10,221,255</u>	<u>10,278,516</u>	<u>57,261</u>	<u>1,357,663</u>	<u>1,295,248</u>	<u>(62,415)</u>
Expenditures:						
Current:						
Instruction	6,415,120	6,367,924	47,196	523,917	519,070	4,847
Supporting Services:						
Pupils	422,885	409,666	13,219	79,486	79,486	0
Instructional Staff	492,461	485,662	6,799	267,679	251,220	16,459
Board of Education	58,610	57,955	655	0	0	0
Administration	892,270	886,981	5,289	81,131	79,007	2,124
Fiscal Services	363,179	360,734	2,445	0	0	0
Business	139,582	135,878	3,704	3,560	3,560	0
Operation and Maintenance of Plant	1,328,396	1,289,830	38,566	0	0	0
Pupil Transportation	284,526	279,126	5,400	0	0	0
Central	24,279	23,260	1,019	0	0	0
Community Services	10,983	10,964	19	72,114	61,175	10,939
Extracurricular Activities	146,559	144,689	1,870	255,489	203,982	51,507
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	<u>10,578,850</u>	<u>10,452,669</u>	<u>126,181</u>	<u>1,283,376</u>	<u>1,197,500</u>	<u>85,876</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(357,595)	(174,153)	183,442	74,287	97,748	23,461
Other Financing Sources (Uses):						
Refunds of Prior Years' Expenditures	5,400	5,217	(183)	0	0	0
Operating Transfers In	292	292	0	33,744	33,743	(1)
Operating Transfers Out	(32,072)	(157,072)	(125,000)	(1,990)	(1,963)	27
Advances In	41,400	166,400	125,000	0	3,500	3,500
Advances Out	(3,500)	(3,500)	0	(42,900)	(41,400)	1,500
Total Other Financing Sources (Uses)	<u>11,520</u>	<u>11,337</u>	<u>(183)</u>	<u>(11,146)</u>	<u>(6,120)</u>	<u>5,026</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(346,075)	(162,816)	183,259	63,141	91,628	28,487
Fund Balance at Beginning of Year	1,186,127	1,186,127	0	182,407	182,407	0
Prior Year Encumbrances	215,481	215,481	0	41,303	41,303	0
Fund Balance at End of Year	<u>\$1,055,533</u>	<u>\$1,238,792</u>	<u>\$183,259</u>	<u>\$286,851</u>	<u>\$315,338</u>	<u>\$28,487</u>

The notes to the general purpose financial statements are an integral part of this statement.

COSHOCTON CITY SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FISCAL YEAR ENDED JUNE 30, 1999

<i>Debt Service Fund</i>			<i>Capital Projects Funds</i>			<i>Totals (Memorandum Only)</i>		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$70,068	\$70,800	\$732	\$243,600	\$241,084	(\$2,516)	\$4,875,318	\$4,774,678	(\$100,640)
0	0	0	27,300	20,949	(6,351)	145,512	133,908	(11,604)
0	0	0	0	0	0	245,941	238,790	(7,151)
0	0	0	0	0	0	9,438	9,202	(236)
0	0	0	573,283	107,295	(465,988)	6,651,851	6,360,067	(291,784)
0	0	0	0	0	0	516,682	455,691	(60,991)
0	0	0	150	0	(150)	48,577	41,556	(7,021)
70,068	70,800	732	844,333	369,328	(475,005)	12,493,319	12,013,892	(479,427)
0	0	0	0	0	0	6,939,037	6,886,994	52,043
0	0	0	0	0	0	502,371	489,152	13,219
0	0	0	329,295	159,947	169,348	1,089,435	896,829	192,606
0	0	0	0	0	0	58,610	57,955	655
0	0	0	0	0	0	973,401	965,988	7,413
0	0	0	8,950	6,696	2,254	372,129	367,430	4,699
0	0	0	0	0	0	143,142	139,438	3,704
0	0	0	0	0	0	1,328,396	1,289,830	38,566
0	0	0	0	0	0	284,526	279,126	5,400
0	0	0	0	0	0	24,279	23,260	1,019
0	0	0	0	0	0	83,097	72,139	10,958
0	0	0	0	0	0	402,048	348,671	53,377
0	0	0	868,419	830,065	38,354	868,419	830,065	38,354
42,000	42,000	0	0	0	0	42,000	42,000	0
28,068	28,053	15	0	0	0	28,068	28,053	15
70,068	70,053	15	1,206,664	996,708	209,956	13,138,958	12,716,930	422,028
0	747	747	(362,331)	(627,380)	(265,049)	(645,639)	(703,038)	(57,399)
0	0	0	0	0	0	5,400	5,217	(183)
0	0	0	0	125,000	125,000	34,036	159,035	124,999
0	0	0	0	0	0	(34,062)	(159,035)	(124,973)
0	0	0	0	0	0	41,400	169,900	128,500
0	0	0	0	(125,000)	(125,000)	(46,400)	(169,900)	(123,500)
0	0	0	0	0	0	374	5,217	4,843
0	747	747	(362,331)	(627,380)	(265,049)	(645,265)	(697,821)	(52,556)
54,334	54,334	0	89,355	89,355	0	1,512,223	1,512,223	0
0	0	0	855,423	855,423	0	1,112,207	1,112,207	0
\$54,334	\$55,081	\$747	\$582,447	\$317,398	(\$265,049)	\$1,979,165	\$1,926,609	(\$52,556)

COSHOCTON CITY SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS/FUND BALANCE
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	<i>Proprietary Fund Type</i>		<i>Fiduciary Fund Type</i>	Totals (Memorandum Only)
	Enterprise Funds	Internal Service Funds	Nonexpendable Trust Fund	
<u>Operating Revenues:</u>				
Tuition and Fees	\$33,523	\$40,835	\$0	\$74,358
Sales	271,848	0	0	271,848
Other Operating Revenues	0	1,111,253	0	1,111,253
Investment Earnings	0	0	(12,794)	(12,794)
Total Operating Revenues	305,371	1,152,088	(12,794)	1,444,665
<u>Operating Expenses:</u>				
Salaries and Wages	192,972	2,192	0	195,164
Fringe Benefits	64,497	0	0	64,497
Contractual Services	18,387	1,119,056	0	1,137,443
Materials and Supplies	323,744	989	0	324,733
Depreciation	7,181	0	0	7,181
Other Operating Expenses	7,048	36,812	21,852	65,712
Total Operating Expenses	613,829	1,159,049	21,852	1,794,730
Operating Loss	(308,458)	(6,961)	(34,646)	(350,065)
<u>Non-Operating Revenues:</u>				
Operating Grants	286,802	0	463	287,265
Federally Donated Commodities	45,481	0	0	45,481
Investment Earnings	8,762	10,266	0	19,028
Miscellaneous	62	552	0	614
Total Non-Operating Revenues	341,107	10,818	463	352,388
Net Income (Loss)	32,649	3,857	(34,183)	2,323
Retained Earnings/Fund Balance at Beginning of Year	200,938	181,423	481,381	863,742
Retained Earnings/Fund Balance at End of Year	\$233,587	\$185,280	\$447,198	\$866,065

The notes to the general purpose financial statements are an integral part of this statement.

COSHOCTON CITY SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	<i>Proprietary</i>		<i>Fiduciary</i>	Totals (Memorandum Only)
	<i>Fund Type</i>		<i>Fund Type</i>	
	Enterprise Funds	Internal Service Funds	Nonexpendable Trust Fund	
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$271,848	\$0	\$0	\$271,848
Cash Received from Tuition and Fee Payments	33,523	41,387	0	74,910
Cash Received from Interfund Charges	0	1,111,253	0	1,111,253
Cash Payments for Goods and Services	(301,088)	(1,087,121)	(21,852)	(1,410,061)
Cash Payments to Employees for Services and Benefits	(249,686)	(2,192)	0	(251,878)
Net Cash Provided (Used) by Operating Activities	<u>(245,403)</u>	<u>63,327</u>	<u>(21,852)</u>	<u>(203,928)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>				
Operating Grants Received	286,802	0	463	287,265
Net Cash Provided by Noncapital Financing Activities	<u>286,802</u>	<u>0</u>	<u>463</u>	<u>287,265</u>
<u>Cash Flows from Investing Activities:</u>				
Receipts of Interest	8,818	10,325	(14,922)	4,221
Sale of Investment	0	0	37,979	37,979
Net Cash Provided by Investing Activities	<u>8,818</u>	<u>10,325</u>	<u>23,057</u>	<u>42,200</u>
Net Increase in Cash and Cash Equivalents	50,217	73,652	1,668	125,537
Cash and Cash Equivalents at Beginning of Year	290,581	258,382	4,534	553,497
Cash and Cash Equivalents at End of Year	<u>\$340,798</u>	<u>\$332,034</u>	<u>\$6,202</u>	<u>\$679,034</u>
<u>Reconciliation of Cash and Cash Equivalents per the Balance Sheet</u>				
Cash and Cash Equivalents	\$340,798	\$332,034	\$72,126	\$744,958
Less Cash and Cash Equivalents in Agency Fund	0	0	(22,195)	(22,195)
Less Cash and Cash Equivalents in Expendable Trust Fund	0	0	(43,729)	(43,729)
Cash and Cash Equivalents at End of Year	<u>\$340,798</u>	<u>\$332,034</u>	<u>\$6,202</u>	<u>\$679,034</u>

(Continued)

COSHOCTON CITY SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	<i>Proprietary</i>		<i>Fiduciary</i>	Totals (Memorandum Only)
	<i>Fund Type</i>		<i>Fund Type</i>	
	Enterprise Funds	Internal Service Funds	Nonexpendable Trust Fund	
<u>Reconciliation of Operating Loss to Net Cash</u>				
<u>Provided (Used) by Operating Activities:</u>				
Operating Loss	(\$308,458)	(\$6,961)	(\$34,646)	(\$350,065)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities:				
Miscellaneous Nonoperating Income	0	552	0	552
Depreciation Expense	7,181	0	0	7,181
Donated Commodities Used During the Year	45,481	0	0	45,481
Interest on Investment	0	0	12,718	12,718
Changes in Assets and Liabilities:				
Decrease in Interest Receivable	0	0	76	76
Decrease in Inventory	1,754	0	0	1,754
Increase in Accounts Payable	(258)	8,166	0	7,908
Decrease in Accrued Wages and Benefits	(3,706)	0	0	(3,706)
Decrease in Intergovernmental Payables	(669)	0	0	(669)
Increase in Deferred Revenue	1,122	0	0	1,122
Increase in Claims Payable	0	61,570	0	61,570
Increase in Compensated Absences	12,150	0	0	12,150
Total Adjustments	63,055	70,288	12,794	146,137
Net Cash Provided (Used) by Operating Activities	(\$245,403)	\$63,327	(\$21,852)	(\$203,928)

The notes to the general purpose financial statements are an integral part of this statement.

COSHOCTON CITY SCHOOL DISTRICT, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Coshocton City School District, Ohio (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The District is governed by a locally elected five member Board of Education (the Board) which provides educational services. The Board controls the District's instructional support facilities staffed by approximately 85 noncertified and approximately 151 certified teaching personnel and administrative employees providing education to 2,043 students.

The accompanying general purpose financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "*The Financial Reporting Entity*," in that the financial statements include all organizations, activities, functions and component units for which the District (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either the District's ability to impose its will over the organization or the possibility that the organization will provide a financial benefit to, or impose a financial burden on, the District. There were no potential component units that met the criteria imposed by GASB Statement No. 14 to be included in the District's reporting entity. Based on the foregoing, the reporting entity of the District includes the following services: instructional (regular, special education, vocational), student guidance, extracurricular activities, food service, pupil transportation and care and upkeep of grounds and buildings.

Coshocton City School District participates in four organizations which are defined as jointly governed organizations and an insurance purchasing pool. These organizations are the Ohio Mid-Eastern Regional Education Service Association, the Coshocton County Joint Vocational School District, the Coshocton County Tax Incentive Review Council, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Note 18 to the general purpose financial statements.

The accounting policies and financial reporting practices of the District conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of its significant accounting policies.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. The various funds are summarized by type in the general purpose financial statements.

The following fund types and account groups are used by the District:

Governmental Funds - These are funds through which most governmental functions typically are financed. The acquisition, use and balances of the District's expendable financial resources and the related current liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the District's governmental fund types:

General Fund - This fund is the general operating fund of the district and is used to account for all financial resources except those accounted for in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Fund - This fund is used for the accumulation of resources for the payment of general long-term debt principal and interest.

Capital Projects Funds - These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Proprietary Funds - The proprietary funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets and all liabilities associated with the operation of the proprietary funds are included on the balance sheet. Fund equity (i.e., net assets) is segregated into contributed capital and retained earnings components. The proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises in which the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Internal Service Funds - The internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District or to other governments on a cost-reimbursement basis.

Fiduciary Funds

Trust and Agency Funds - These funds are used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The District maintains an expendable trust fund, a non-expendable trust fund and an agency fund. The expendable trust fund is accounted for and reported similarly to a governmental fund; the non-expendable trust fund is accounted for similarly to a proprietary fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups - To make a clear distinction between fixed assets related to specific funds and that of general government and between long-term liabilities related to specific funds and that of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is established to account for fixed assets of the District, other than those accounted for in the proprietary funds.

General Long-Term Obligations Account Group - This account group is established to account for all long-term debt and other long-term liabilities of the District except those accounted for in the proprietary funds.

C. Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds and expendable trust and agency funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the District is considered to be 60 days after fiscal year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

Revenue considered susceptible to accrual at year end includes property taxes available for advance, tuition, grants and entitlements, student fees, and interest on investments.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Current property taxes measurable at June 30, 1999, and which are intended to finance fiscal 1999 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year end. Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 1999 are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year end.

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds. Revenues are recognized when they are earned and expenses are recognized when incurred.

Pursuant to GASB Statement No. 20, "*Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*," the District follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

D. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year.

All funds other than agency funds are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The primary level of budgetary control is at the object level within each department. Budgetary modifications may only be made by resolution of the Board of Education.

1. Tax Budget

By January 15, the Superintendent and Treasurer submit an annual operating budget for the following fiscal year to the Board of Education for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by January 20 of each year for the period July 1 to June 30 of the following fiscal year.

2. Estimated Resources

Prior to April 1, the Board accepts by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

2. Estimated Resources (Continued)

budget then serves as the basis for the annual appropriations measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year 1999.

3. Appropriations

A temporary appropriation measure to control expenditures may be passed on or about July 1 of each year for the period July 1 through September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 through June 30. The appropriation resolution establishes spending controls at the fund, department and object level. The appropriation resolution may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year with approval of the Board. During the year, several supplemental appropriations were necessary to budget the use of contingency funds. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual-All Governmental Fund Types" are provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

4. Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. However, on the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities and are reported as reservations of fund balances for governmental funds in the accompanying general purpose financial statements.

5. Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

6. Budgetary Basis of Accounting

The District's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the governmental funds:

	Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses			
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds
GAAP Basis (as reported)	\$45,905	\$119,129	\$747	\$73,061
Increase (Decrease):				
Accrued Revenues at June 30, 1999, received during FY 2000	(284,270)	0	0	0
Accrued Revenues at June 30, 1998, received during FY 1999	407,431	57,386	0	0
Accrued Expenditures at June 30, 1999, paid during FY 2000	1,243,757	83,236	0	18,401
Accrued Expenditures at June 30, 1998, paid during FY 1999	(1,255,066)	(122,638)	0	(649,119)
FY 1998 Prepays for FY 1999	20,488	0	0	0
FY 1999 Prepays for FY 2000	(19,522)	0	0	0
Encumbrances Outstanding at June 30, 1999	(321,539)	(45,485)	0	(69,723)
Budget Basis	<u>(\$162,816)</u>	<u>\$91,628</u>	<u>\$747</u>	<u>(\$627,380)</u>

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Cash Equivalents

During fiscal year 1999, cash and cash equivalents included amounts in demand deposits, certificates of deposit with original maturities of greater than three months, repurchase agreements, government securities and the State Treasury Asset Reserve (STAR Ohio). STAR Ohio is a very liquid investment and is reported as a cash equivalent in the general purpose financial statements.

The District pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 4, Cash, Cash Equivalents and Investments.

F. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the District records all its investments at fair value except for nonparticipating investment contracts (repurchase agreements and certificates of deposit) which are reported at cost. See Note 4, Cash, Cash Equivalents and Investments.

The District has invested funds in the STAR Ohio during 1999. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 1999.

G. Inventory

Inventory is stated at cost (first-in, first-out) in the governmental funds and at the lower of cost or market in the proprietary funds. The costs of inventory items are recorded as expenditures in the governmental and expendable trust funds when purchased and as expenses in the proprietary funds when used.

H. Fixed Assets and Depreciation

The accounting and reporting treatment applied to fixed assets is determined by their ultimate use:

i. Property, Plant and Equipment - General Governmental Purposes

Fixed assets acquired or constructed for general governmental purposes are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years) in the General Fixed Assets Account Group. Contributed fixed assets are recorded at fair market value at the date received. The District does not possess any infrastructure.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fixed Assets and Depreciation (Continued)

1. Property, Plant and Equipment - General Governmental Purposes (Continued)

General fixed asset values were initially determined by identifying historical costs where such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain fixed assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition. The District has elected not to record depreciation in the General Fixed Assets Account Group.

2. Property, Plant and Equipment - Proprietary Fund

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost for assets not purchased in recent years), including interest capitalized during construction and architectural and engineering fees where applicable. Contributed fixed assets are recorded at fair market value at the date received.

Depreciation has been provided using the straight-line method over the following estimated useful lives:

Description	Estimated Lives (in years)
Machinery, Equipment, Furniture and Fixtures	5-20

I. Long-Term Obligations

Long-term liabilities are being repaid from the following funds:

Obligation	Fund
General Obligation Bond	General Obligation Bond Retirement Fund
Capital Leases	General Fund, SchoolNet Plus Fund
Compensated Absences	General Fund, Food Services Fund

J. Compensated Absences

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," vacation benefits are accrued as a liability when an employee's right to receive compensation is attributable to services already rendered, and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Administrators and classified staff who work twelve month contracts are granted vacation leave based on length of service and position. Sick leave benefits are accrued as a liability using the termination method. Certified employees may earn 15 days of sick leave per year up to a maximum of 208 days. Upon retirement, employees will receive one-fourth of the accumulated sick leave up to a maximum of 52 days. Classified employees may earn 15 days of sick leave per year up to a maximum of 168 days. Upon retirement, employees will receive one-fourth of the accumulated sick leave up to a maximum of 42 days.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Compensated Absences (Continued)

For governmental funds, that portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." The long-term portion of the liability is reported in the General Long-Term Obligations Account Group. Compensated absences are expensed in the proprietary funds when earned and the related liability is reported within the fund.

K. Pensions

The provision for pension costs is recorded when the related payroll is accrued and the obligation is incurred.

L. Interfund Transactions

During the course of normal operations, the District has numerous transactions between funds. Interfund transactions are generally classified as follows:

- Operating transfers are reported as "Other Financing Sources and Uses" in the governmental funds, as "Operating Transfers In" by the recipient fund, and "Operating Transfers Out" by the disbursing fund.
- Short-term interfund loans are reflected as interfund loans payable/receivable, while long-term interfund loans (greater than one year in length) are recorded as advances to/from other funds.
- Residual Equity Transfers are nonroutine or nonrecurring transfers between funds and are reported as additions to or deductions from the fund equity balance. There were no residual equity transfers during the fiscal year.

Transactions that would be treated as revenues and expenditures/expenses if they involved organizations external to the District are similarly treated when involving other funds of the District.

M. Reservations of Fund Balance

Reserves indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for prepaid items, debt service, property taxes, statutory requirements, and encumbered amounts which have not been accrued at year end. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles, but not available for appropriations under state statute.

N. Restricted Assets

Restricted assets represent cash and cash equivalents set aside to establish reserves for textbooks, capital acquisition, and budget stabilization. This reserve is required by state statute.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Total Columns on Combined Financial Statements - Overview

Total columns on the "Combined Financial Statements-Overview" are captioned "Memorandum Only" to indicate they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - PRIOR PERIOD ADJUSTMENTS

During fiscal year 1999, the District had a physical inventory taken on its fixed assets which resulted in a restatement. As a result of the physical inventory taken during fiscal year 1999, the General Fixed Assets Account Group was understated by \$80,065. The General Fixed Assets Account Group balance at July 1, 1998 has been restated. The balance increased from \$11,888,912 to \$11,968,977.

The physical inventory taken during fiscal year 1999 also resulted in an increase in the amount of fixed assets reported in the enterprise funds which required a restatement to the beginning retained earnings in the enterprise funds as of July 1, 1998 as follows:

Fund Type	Retained Earnings as Reported 6/30/98	Adjustment Increase/ (Decrease)	Retained Earnings as Restated 6/30/98
Enterprise	\$194,114	\$6,824	\$200,938

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficits - The fund deficits at June 30, 1999 of \$10,298 in the Disadvantaged Pupil Impact Aid Fund, \$13,313 in the Title VI-B Special Education Fund, \$4,350 in the Chapter I Fund and \$167 in the Special Education Services Fund (special revenue funds) arise from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. A deficit does not exist under the cash basis of accounting.

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments. In addition, investments are separately held by a number of individual funds.

Statutes require the classification of funds held by the District into three categories. Category I consists of "active" funds - those funds required to be kept in a "cash" or "near cash" status for immediate use by the District. Such funds must be maintained either as cash in the District Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Category 2 consists of "inactive" funds - those funds not required for use within the current two year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds - those funds which are not needed for immediate use but, which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the District places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 110% of the carrying value of all public collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in GASB Statement No. 3, "Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements," collateral held in single financial institution collateral pools with securities being held by the pledging financial institutions' agent in the pool's name are classified as Category 3. The Governmental Accounting Standards Board has established risk categories for deposits and investments as follows:

COSHOCTON CITY SCHOOL DISTRICT, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, JUNE 30, 1999

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Deposits:

- Category 1 Insured or collateralized with securities held by the District or by its agent in the District's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent, in the District's name.
- Category 3 Collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

Investments:

- Category 1 Insured or registered, or securities held by the District or its agent in the District's name.
- Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the District's name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the District's name.

A. Deposits

At year end the carrying amount of the District's deposits was \$149,421 and the bank balance was \$160,503. Federal depository insurance covered \$133,485 of the bank balance, and all remaining deposits were classified as Category 3. In accordance with Ohio Revised Code, the remaining balance was covered by pooled collateral.

B. Investments

The District's investments at June 30, 1999 were as follows:

	Category 1	Category 2	Fair Value
Categorized Investments			
Repurchase Agreements	\$0	\$2,019,365	\$2,019,365
Common Stock/Government Securities	325,080	0	325,080
Noncategorized Investments			
Mutual Funds	N/A	N/A	39,124
STAR Ohio	N/A	N/A	1,016,528
Total Investments	<u>\$325,080</u>	<u>\$2,019,365</u>	<u>\$3,400,097</u>

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

C. Reconciliation of Cash, Cash Equivalents and Investments

The classification of cash, cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. Repurchase agreements and STAR Ohio are treated as cash equivalents. The classification of cash and cash equivalents (deposits) for purposes of this note are based on criteria set forth in GASB Statement No. 3.

	Cash and Cash	
	Equivalents	Investments
Per Combined Balance Sheet	\$3,108,314	\$441,204
Certificates of Deposit (with maturities of greater than 3 months)	77,000	(77,000)
Investments:		
STAR Ohio	(1,016,528)	1,016,528
Repurchase Agreements	(2,019,365)	2,019,365
Per GASB Statements No. 3	<u>\$149,421</u>	<u>\$3,400,097</u>

NOTE 5 - PROPERTY TAXES

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the District. Real property taxes (other than public utility) collected during 1999 were levied after October 1, 1998 on assessed values as of January 1, 1998, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments made the third year following reappraisal. The last revaluation was completed in 1994, and equalization adjustments were made in 1997. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semi-annually, the first payment is due April 30; with the remainder payable by September 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 100 percent of its true value. Public utility property taxes are payable on the same dates as real property described previously.

COSHOCTON CITY SCHOOL DISTRICT, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, JUNE 30, 1999

NOTE 5 - PROPERTY TAXES (Continued)

The County Treasurer collects property taxes on behalf of all taxing districts in the County including Coshocton City School District. The County Auditor periodically remits to the District its portion of the taxes collected. The assessed values for collection in 1999, upon which the 1998 levies were based, were as follows:

Agricultural/Residential and Other Real Estate	\$123,543,890
Public Utility Personal	9,433,870
Tangible Personal Property	35,283,426
Total Assessed Value	<u>\$168,261,186</u>
Taxrate per \$1,000 of assessed valuation	<u>\$45.45</u>

NOTE 6 - RECEIVABLES

Receivables at June 30, 1999 consisted of taxes, interest, interfund receivables and intergovernmental receivables.

NOTE 7 - OPERATING TRANSFERS

Following is a summary of operating transfers in and out for all funds at June 30, 1999:

Fund	Transfer In	Transfer Out
General Fund	\$292	\$157,072
Special Revenue Funds:		
Public School Support Fund	0	992
District Managed Student Activity Fund	33,743	971
Total Special Revenue Funds	<u>33,743</u>	<u>1,963</u>
Capital Project Fund:		
Permanent Improvement Fund	125,000	0
Total All Funds	<u>\$159,035</u>	<u>\$159,035</u>

COSHOCTON CITY SCHOOL DISTRICT, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, JUNE 30, 1999

NOTE 8 - INTERFUND RECEIVABLES/PAYABLES

Following is a summary of interfund receivables/payables for all funds at June 30, 1999:

A. Advances to/from Other Funds

	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
General Fund	\$8,500	\$0
Special Revenue Fund:		
District Managed Student Activity Fund	0	7,500
Nonexpendable Trust Fund:		
Endowment Trust Fund	0	1,000
Totals	<u>\$8,500</u>	<u>\$8,500</u>

B. Due to/from Other Funds

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$3,500	\$0
Special Revenue Fund:		
District Managed Student Activity Fund	0	3,500
Totals	<u>\$3,500</u>	<u>\$3,500</u>

NOTE 9 - FIXED ASSETS

A. General Fixed Assets

Summary by category of changes in general fixed assets at June 30, 1999:

Class	Restated			June 30, 1999
	June 30, 1998	Additions	Deletions	
Land and Improvements	\$466,205	\$0	\$0	\$466,205
Buildings and Improvements	8,732,784	0	0	8,732,784
Machinery and Equipment	2,370,692	0	0	2,370,692
Vehicles	399,296	19,059	0	418,355
Totals	<u>\$11,968,977</u>	<u>\$19,059</u>	<u>\$0</u>	<u>\$11,988,036</u>

B. Proprietary Fixed Assets

Summary by Category at June 30, 1999:

Category	Restated		Book Value
	Historical Cost	Accumulated Depreciation	
Machinery and Equipment	\$183,525	(\$104,683)	\$78,842
Total Property, Plant and Equipment	<u>\$183,525</u>	<u>(\$104,683)</u>	<u>\$78,842</u>

NOTE 10 - DEFINED BENEFIT PENSION PLANS

All of the District's full-time employees participate in one of two separate retirement systems which are cost-sharing multiple employer defined benefit pension plans.

A. School Employees Retirement System of Ohio (SERS of Ohio)

All non-certified employees of the District, with minor exceptions, performing duties that do not require a certificate issued by the Ohio Department of Education are eligible to participate in the School Employees Retirement System of Ohio, a cost-sharing multiple employer public employee retirement system.

The SERS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. The SERS of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the SERS of Ohio. Interested parties may obtain a copy by making a written request to SERS, 45 North Fourth Street, Columbus, Ohio 43215-3634 or by calling (614) 222-5853.

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 9% respectively. The contribution rates are determined actuarially, and are established and may be amended, up to statutory amounts, by the School Employees Retirement Board (Retirement Board) within the rates allowed by State statute. The required employer contribution rate is allocated to basic retirement benefits and health care by the Retirement Board. At June 30, 1998, (the latest information available) 9.02% was allocated to fund the pension and 4.98% to fund health care. The District's contributions to the SERS of Ohio for the years ending June 30, 1999, 1998, and 1997 were \$231,996, \$230,004, and \$209,694, respectively, which were equal to the required contributions for each year.

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989 with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium. The portion of the 1998 employer contribution rate (identified above) that was used to fund health care for the year 1998 was 4.98%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between minimum pay and the member's pay, prorated for partial service credit. For fiscal year 1999, the minimum pay has been established as \$12,400 and the surcharge amounted to \$25,576.

Health care benefits are financed on a pay-as-you-go basis. The number of retirees and covered dependents currently receiving benefits is approximately 50,000. The target level for the health care reserve is 125% of annual health care expenses. Expenses for health care at June 30, 1998 were \$111,900,575 and the target level was \$139.9 million. Net assets available for payment of benefits at June 30, 1998 was \$160.3 million, at cost.

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System of Ohio (STRS of Ohio)

All certified employees of the District are eligible to participate in the State Teachers Retirement System of Ohio, a cost-sharing multiple employer public employee retirement system.

The STRS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and survivor benefits based on eligible service credit to plan members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. The STRS of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the STRS of Ohio. Interested parties may obtain a copy by making a written request to STRS, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614) 227-4090.

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 9.3%, respectively. The contribution requirements of plan members and the District are established and may be amended by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's contributions to the STRS of Ohio for the years ending June 30, 1999, 1998, and 1997 were \$813,156, \$811,272, and \$801,408, respectively, which were equal to the required contributions for each year.

STRS provides postemployment health care benefits to retirees and their dependents. Coverage includes hospitalization, physician fees, prescription drugs and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code, the State Teachers Retirement Board has discretionary authority over how much, if any, of the health care cost will be absorbed by STRS. All benefit recipients are required to pay a portion of the health care cost in the form of a monthly premium.

Benefits are funded on a pay-as-you-go basis through an allocation of employer contributions, equal to 3.5% of covered payroll, to a health care reserve fund. The balance of the Health Care Reserve Fund was \$2,156 million at June 30, 1998. The Health Care Reserve Fund allocation for the year ended June 30, 1999 will be 8% of covered payroll. For the fiscal year ended June 30, 1998, the net health care costs paid by STRS were \$219,224,000. There were 91,999 eligible benefit recipients.

COSHOCTON CITY SCHOOL DISTRICT, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, JUNE 30, 1999

NOTE 11 - COMPENSATED ABSENCES

The District provides a liability for accumulated unpaid sick leave. Accrued employee benefits for governmental funds not currently due and payable at year end are recorded in the General Long-Term Obligations Account Group. At June 30, 1999, the total accumulated unpaid sick leave recorded in the General Long-Term Obligations Account Group was \$1,206,921.

The portion attributable to the enterprise funds has been recorded within the respective fund and is not included in the figures presented above.

NOTE 12 - GENERAL LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS

Detail of the changes in the bonds, intergovernmental payable, capital leases, and compensated absences of the District for the year ended June 30, 1999 is as follows:

	Balance July 1, 1998	Issued (Retired)	Balance June 30, 1999
General Long-Term Debt:			
<i>(General Obligation Bond)</i>			
Energy Conservation Project 6.00%	\$482,556	(\$42,000)	\$440,556
Total General Long-Term Debt	482,556	(42,000)	440,556
Other General Long-Term Obligations:			
Capital Leases Payable	377,479	(161,771)	215,708
Intergovernmental Payable	86,439	3,793	90,232
Compensated Absences Payable	1,144,703	62,218	1,206,921
Total Other General Long-Term Obligations	1,608,621	(95,760)	1,512,861
Total General Long-Term Debt and Other General Long-Term Obligations	\$2,091,177	(\$137,760)	\$1,953,417

A. Principal and Interest Requirements

A summary of the District's future long-term debt funding requirements, including principal and interest payments as of June 30, 1999, follows:

Years	General Obligation Bond		
	Principal	Interest	Total
2000	\$44,000	\$25,451	\$69,451
2001	48,000	22,718	\$70,718
2002	50,000	19,670	\$69,670
2003	53,000	16,537	\$69,537
2004	56,000	13,221	\$69,221
2005-2007	189,556	17,680	\$207,236
Totals	\$440,556	\$115,277	\$555,833

COSHOCTON CITY SCHOOL DISTRICT, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, JUNE 30, 1999

NOTE 13 - CAPITALIZED LEASES

The District leases 5 copiers and the IBM SchoolNet Computer under capital leases. The cost of the equipment obtained under capital lease is included in the General Fixed Assets Account Group and the related liability included in the General Long-Term Obligations Account Group.

The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 1999:

Year Ending June 30,	Capital Lease
2000	\$193,417
2001	13,848
2002	11,029
2003	5,257
Minimum Lease Payments	<u>223,551</u>
Less: Amount representing interest at the District's incremental borrowing rate of interest	(7,843)
Present Value of minimum lease payments	<u>\$215,708</u>

NOTE 14 - STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 1999, the reserve activity (cash-basis) was as follows:

	Textbook Reserve	Capital Acquisition Reserve	Budget Stabilization Reserve	Total
Set-aside Cash Balance as of June 30, 199	\$0	\$0	\$68,353	\$68,353
Current Year Set-Aside Requirement	159,226	159,226	0	318,452
Current Year Offset Credits	(159,226)	(256,850)	0	(416,076)
Qualifying Disbursements	0	0	0	0
Total	<u>\$0</u>	<u>(\$97,624)</u>	<u>\$68,353</u>	<u>(\$29,271)</u>
Cash Balance Carried Forward to FY 2000	<u>\$0</u>	<u>\$0</u>	<u>\$68,353</u>	<u>\$68,353</u>
Amount Restricted for Budget Stabilization				<u>68,353</u>
Total Restricted Assets				<u>\$68,353</u>

Although the District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

COSHOCTON CITY SCHOOL DISTRICT, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, JUNE 30, 1999

NOTE 15 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The District maintains two Enterprise Funds to account for the operation of Food Services and Uniform School Supply Sales. The key financial information for the year ended June 30, 1999 for these enterprise activities is as follows:

	Food Services	Uniform School Supply	Total
Operating Revenues	\$271,848	\$33,523	\$305,371
Depreciation Expense	7,181	0	7,181
Operating Income (Loss)	(327,855)	19,397	(308,458)
Net Income	13,190	19,459	32,649
Federal donated commodities	45,481	0	45,481
Operating Grants	286,802	0	286,802
Total Assets	338,241	102,903	441,144
Net Working Capital	214,834	101,468	316,302
Total Equity	235,056	102,903	337,959

NOTE 16 - CONTRIBUTED CAPITAL

There were no changes to contributed capital during the year. Contributed capital balances as of year end were as follows:

	Food Service Fund
Contributed Capital at June 30, 1999	<u>\$104,372</u>

NOTE 17 - RISK MANAGEMENT

A. Insurance Purchasing Pool

Ohio School Boards Association (OSBA) Workers' Compensation Group Rating Plan - The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (WCGRP), an insurance purchasing pool. The WCGRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the WCGRP to cover the costs of administering the program.

NOTE 17 - RISK MANAGEMENT (Continued)

B. Other Insurance

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During fiscal year 1999 the District contracted with Nationwide Insurance Company for various insurance coverages, as follows:

Insurance Provider	Coverage	Deductible
Nationwide Insurance Company	Automobile	\$250 Comprehensive; \$250 Collision
Nationwide Insurance Company	Buildings and Contents	\$1,000
Nationwide Insurance Company	Inland Marine Coverage	\$250
Nationwide Insurance Company	Boiler and Machinery	\$1,000
Nationwide Insurance Company	Professional Liability	\$1,000

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

The School District maintains a comprehensive health insurance program for employees. Premiums are paid by the Board of Education to Central Benefits Mutual Insurance Company.

The School District also provides life insurance and accidental death and dismemberment insurance to employees through Central Benefits Mutual Insurance Company in the amount of \$20,000 for certified employees, \$14,000 for classified employees working 25 hours or less per week, and \$20,000 for classified employees working 25 or more hours per week.

The School District also maintains a limited risk dental and prescription insurance program for employees. Premiums are paid to a third party administrator, Acordia Benefits Plans Inc. The claims are processed by the third party administrator and monitored by the School District in conjunction with the third party administrator. An internal service fund is presented in the financial statements and reflects premiums paid into the self-insurance fund by other funds which are available to pay claims and administrative costs, and establish claims reserves. The outstanding claims at June 30, 1999, for the dental and prescription self-insurance programs amounted to \$138,595.

The agreement with Acordia Benefit Plans, Inc. requires either party to provide 90 days advance notice to terminate the relationship. Upon termination of the agreement with Acordia Benefits Plans Inc., Acordia shall furnish claims payment services to those claims for which it had received complete information prior to the termination date and at the same charges as were in effect under the agreement unless the School District notifies Acordia in writing at the time of such termination that such services are not required by the School District.

Upon termination Acordia Benefits shall forward to the School District such claims file and other records as the School District may reasonably require for the administration of the Plan or any plan adopted in its place.

NOTE 17 - RISK MANAGEMENT (Continued)

B. Other Insurance (Continued)

The claims liability of \$130,352 reported in the fund at June 30, 1999 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability amount in 1999 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
1998	\$10,953	\$802,761	(\$736,689)	\$77,025
1999	77,025	1,032,137	(970,567)	138,595

NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS

A. Ohio School Boards Association Workers' Compensation Group Rating Program

The School District participates in a group rating plan for workers' compensation as established under section 4123.29 of the Ohio Revised Code. The Ohio School Board Association (OSBA) WCGRP was established through the OSBA as a group purchasing pool.

B. Coshocton County Joint Vocational School District

The Coshocton County Joint Vocational School is a separate body politic and corporate, established by the Ohio Revised Code to provide for the vocational and special education needs of the students. The Joint Vocational School Board of Education is comprised of representatives from the Board of Education of each participating school district. The Joint Vocational School Board of Education is responsible for approving its own budgets, appointing personnel, and accounting and finance related activities. The Coshocton City School District students may attend the Joint Vocational School. Each participating School District's control is limited to its representation on the Joint Vocational School Board of Education. During fiscal year 1999, no monies were paid to the Joint Vocational School from the Coshocton City School District.

C. Ohio Mid-Eastern Regional Education Service Agency (OME-RESA)

Ohio Mid-Eastern Regional Education Service Agency (OME-RESA) is a not-for-profit computer service organization whose primary function is to provide information technology services to its member school districts with the major emphasis being placed on accounting, payroll and inventory control services. Other areas of service provided by the OME-RESA include pupil scheduling, attendance and grade reporting, career guidance services, special education records, and test scoring.

NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

C. Ohio Mid-Eastern Regional Education Service Agency (OME-RESA) (Continued)

The OME-RESA is one of twenty-five regional service organizations serving over 600 public school districts in the State of Ohio that make up the Ohio Educational Computer Network (OECN). These service organizations are known as Data Acquisition Sites. The OECN is a collective group of Data Acquisition Sites, authorized pursuant to Section 3301.075 of the Ohio Revised Code, and their member school districts. Such sites, in conjunction with the Ohio Department of Education (ODE), comprise a statewide delivery system to provide comprehensive, cost-efficient accounting and other administrative and instructional computer services for participating Ohio School Districts. Major funding for this network is derived from the State of Ohio. In addition, a majority of the software utilized by the OME-RESA is developed by the ODE.

The OME-RESA is owned and operated by fifty-two member school districts in ten different Ohio counties. The member school districts are comprised of public school districts and county boards of education. Each member district pays an annual fee for services provided by OME-RESA. OME-RESA is governed by a board of directors which is selected by the member districts. Each member district has one vote in all matters and each member district's control over budgeting and financing of OME-RESA is limited to its voting authority and any representation it may have on the board of directors.

The OME-RESA is located in the Jefferson County School building in Steubenville, Ohio. The Jefferson County School is one of OME-RESA's member districts, and acts in the capacity of fiscal agent for OME-RESA.

D. Coshocton County Tax Incentive Review Council

The Coshocton County Tax Incentive Review Council (CCTIRC) is a jointly governed organization, created as a regional council of governments pursuant to state statute. CCTIRC has 19 members, consisting of three members appointed by the County Commissioners, three members appointed by municipal corporations, eight members appointed by township trustees, one member from the county auditor's office and four members appointed by boards of education located within the county. CCTIRC reviews and evaluates the performance of each Enterprise Zone Agreement. This body is advisory in nature and cannot directly impact an existing Enterprise Zone Agreement; however, the council can make written recommendations to the legislative authority which approved the agreement. There is no cost associated with being a member of this council. The continued existence of the CCTIRC is not dependent on the District's continued participation and no equity interest exists.

The School District does not retain an ongoing financial interest or an ongoing financial responsibility with any of these organizations.

NOTE 19 - CONTINGENCIES

A. Grants

The District receives 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 is 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 District at June 30, 1999.

B. Litigation

The District 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, 1999.

C. State School Funding

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to this District. During the fiscal year ended June 30, 1999, the District received \$5,161,460 of school foundation support for its general fund. Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws, and in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. As of December 31, 1999, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional. As of the date of these financial statements, the District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.

NOTE 20 - YEAR 2000 ISSUE

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the government's operations as early as fiscal year 1999.

Coshocton City School District is in the process of completing an inventory of computer systems and other equipment necessary to conducting District operations. Systems identified are financial reporting, payroll and employees benefits, and educational statistics reporting (through the State's Education Management and Information System (EMIS)). The District's High School has a power system which has extensive efficiency utilization measures within the system.

Coshocton County collects property taxes for distribution to the Coshocton City School District. Coshocton County is responsible for remediating the tax collection system.

The District uses the State of Ohio Uniform School Accounting System software for its financial reporting, and the State of Ohio Uniform Staff Payroll System software for its payroll and employee benefits. The State is responsible for remediating these systems.

The State of Ohio distributes a substantial sum of money to the District in the form of "Foundation" and federal and state grant payments. Further, the State processes a significant amount of financial and nonfinancial information about the District through EMIS. The State is responsible for remediating these systems.

The School District currently is assessing the changes needed in the power system. The system may have to be remediating, tested and validated. The District has no contracted amounts to this project at the end of the fiscal year.

Because of the unprecedented nature of the Year 2000 issue, its effect and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure the Coshocton City School District is or will be Year 2000 ready, that the Coshocton City School District's remediation efforts will be successful in whole or in part, or that the parties with whom the Coshocton City School District does business will be Year 2000 ready.

COSHOCTON CITY SCHOOL DISTRICT, OHIO
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Balance June 30, 1998	Additions	Deductions	Balance June 30, 1999
<u>Student Managed Activity Fund</u>				
Assets:				
Cash and Cash Equivalents	\$58,037	\$62,704	(\$77,012)	\$43,729
Total Assets	<u>\$58,037</u>	<u>\$62,704</u>	<u>(\$77,012)</u>	<u>\$43,729</u>
Liabilities:				
Accounts Payable	\$15,193	\$103	(\$15,193)	\$103
Due to Students	42,844	62,601	(61,819)	43,626
Total Liabilities	<u>\$58,037</u>	<u>\$62,704</u>	<u>(\$77,012)</u>	<u>\$43,729</u>

WOLFE, WILSON, & PHILLIPS, INC.

CERTIFIED PUBLIC ACCOUNTANTS

37 S. SEVENTH STREET • ZANESVILLE, OHIO 43701

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Education
Coshocton City School District
Coshocton, Ohio

We have audited the general-purpose financial statements of Coshocton City School District as of and for the year ended June 30, 1999, and have issued our report thereon dated November 4, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Coshocton City School District's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which we have reported to management of Coshocton City School District in a separate letter dated November 4, 1999.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Coshocton City School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain matters involving internal control that we have reported to management in a separate letter dated November 4, 1999.

This report is intended for the information of the District's Board of Education, management, Auditor of State, federal award agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
November 4, 1999

Brad Wolfe, J.D., M.B.A., CPA
Joseph W. Wilson, M.B.A., CPA, CMA
Kenneth B. Phillips, CPA

WOLFE, WILSON, & PHILLIPS, INC.

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**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL
CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Education
Coshocton City School District
Coshocton, Ohio

Compliance

We have audited the compliance of Coshocton City School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 1999. Coshocton City School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Coshocton City School District management. Our responsibility is to express an opinion on Coshocton City School District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Coshocton City School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Coshocton City School District's compliance with those requirements.

In our opinion, the Coshocton City School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1999.

Internal Control Over Compliance

The management of Coshocton City School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Coshocton City School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Brad Wolfe, J.D., M.B.A., CPA
Joseph W. Wilson, M.B.A., CPA, CMA
Kenneth B. Phillips, CPA

Page 2

This report is intended for the information of the Board of Education, management, the Auditor of State, federal award agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Wolfe, Wilson, & Phillips, Inc.

Zanesville, Ohio
November 4, 1999

**COSHOCTON CITY SCHOOL DISTRICT
COSHOCTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION 505**

1. Summary of Auditor's Results

(d)(1)(I)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	NO
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	NO
(d)(1)(iii)	Was there any reported non-compliance at the financial statement level (GAGAS)?	NO
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	NO
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	NO
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section. 510?	NO
(d)(1)(vii)	Major Programs:	Special Education Cluster; CFDA #84.027 CFDA #84.173 Title VI CFDA #84.298
(d)(1)(viii)	Dollar Threshold: Type A\B Programs:	Type A: > \$300,000; Type B: All Others
(d)(1)(ix)	Low Risk Auditee?	Yes

2. Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS

NONE

3. Findings and Questioned Costs for Federal Awards

NONE

**COSHOCTON CITY SCHOOL DISTRICT
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	Federal CFDA Number	Pass-Through Grantor's Number	Program or Award Amount
<u>U.S. Department of Agriculture-Nutrition Cluster: (Passed through State Department of Education)</u>			
School Breakfast Program	10.553	N/A	N/A
National School Lunch	10.555	N/A	N/A
Total Nutrition Cluster			
Food Commodities Program	10.550	N/A	N/A
Total U.S. Department of Agriculture			
<u>U.S. Department of Education: (Passed through State Department of Education)</u>			
Special Education Cluster:	84.027	0438286BSF98	\$141,480
Special Education Grants To States (Title VI-B)		0438286BSF99	164,024
Preschool Grants for Children with Disabilities	84.173	043828PG3196	15,428
		043828PG3199	22,308
		043828PGS198	10,868
Total Special Education Cluster			
Grants to Local Educational Agencies (ESEA Title I)	84.010	043828C1S198	171,762
		043828C1S199	171,201
Total VI-B			
Eisenhower - Professional Development State Grant (Title II, Part B)	84.281	043828MSS191	
		043828MSS198	7,993
		043828MSS199	8,172
Total Title II, Part B			
Innovative Education Program Strategies (Title VI)	84.298	048876C2S199	8,333
		048328C2S197	7,663
		048328C2S198	8,379
Total Title VI			
Goals 2000	84.276	043828625299	10,000
Total U.S. Department of Education			
<u>U.S. Department of Labor: (Passed through State Department & Education)</u>			
School to Work	17.248	10040299	16,990
School to Work	17.248	10040199	8,867
Total U. S. Department of Labor			
Total Federal Financial Assistance			

Fund or Program Balance 7/1/98	Receipts	Disbursements	Ending Balance 6/30/99
\$ -	\$ 54,038	\$ 54,038	\$ -
-	212,742	212,742	-
-	<u>266,780</u>	<u>266,780</u>	-
11,290	46,603	45,481	12,412
11,290	313,383	312,261	12,412
(27,190)	52,140	24,950	-
-	143,414	134,214	9,200
110	-	110	-
-	22,308	12,169	10,139
1,709	-	1,709	-
<u>(25,371)</u>	<u>217,862</u>	<u>173,152</u>	<u>19,339</u>
12,995	47,128	60,123	-
-	142,615	120,264	22,351
<u>12,995</u>	<u>189,743</u>	<u>180,387</u>	<u>22,351</u>
118	-	-	118
6,868	-	6,868	-
-	8,172	3,897	-
<u>6,986</u>	<u>8,172</u>	<u>10,765</u>	<u>4,393</u>
-	8,333	2,341	5,992
490	-	490	-
6,659	-	2,050	4,609
<u>7,149</u>	<u>8,333</u>	<u>4,881</u>	<u>10,601</u>
-	10,000	6,840	3,160
<u>1,759</u>	<u>434,110</u>	<u>376,025</u>	<u>59,844</u>
-	14,225	14,190	35
-	7,354	7,408	(54)
-	21,579	21,598	(19)
<u>\$ 13,049</u>	<u>\$ 769,072</u>	<u>\$ 709,884</u>	<u>\$ 72,237</u>

See notes to schedule of Federal Award Expenditures.

**COSHOCTON CITY SCHOOL DISTRICT
NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

NOTES A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTES B - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. Monies are commingled with the State Grants. It is assumed that federal monies are expended first.



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OFFICE OF THE AUDITOR

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COSHOCTON CITY SCHOOL DISTRICT

COSHOCTON 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.

By: Susan Babbitt

Date: JANUARY 11, 2000