

**COSHOCTON CITY SCHOOL DISTRICT**  
**ANNUAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

***Wolfe, Wilson, & Phillips, Inc.***  
***37 South Seventh Street***  
***Zanesville, Ohio 43701***





Mary Taylor, CPA  
Auditor of State

Board of Trustees  
Coshocton City School District  
1207 Cambridge Rd.  
Coshocton, Ohio 43812

We have reviewed the *Independent Auditors' Report* of the Coshocton City School District, Coshocton County, prepared by Wolfe, Wilson & Phillips, Inc., for the audit period July 1, 2005 to June 30, 2006. 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.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

January 17, 2007

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**COSHOCTON CITY SCHOOL DISTRICT  
COSHOCTON COUNTY**

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**WOLFE, WILSON, & PHILLIPS, INC.  
37 SOUTH SEVENTH STREET  
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT**

Board of Education  
Coshocton City School District  
Coshocton, Ohio 43812

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Coshocton City School District, Coshocton County as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Coshocton City School District as of June 30, 2006, and the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 22, 2006, 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. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. That report is an integral part of an audit in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Government Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine of the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards expenditures present additional information and is required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. It is not a required part of the basic financial statements. We subjected the federal awards expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

***Wolfe, Wilson, & Phillips, Inc.***  
Zanesville, Ohio  
November 22, 2006

# COSHOCTON CITY SCHOOL DISTRICT, OHIO

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*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006*

*Unaudited*

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The discussion and analysis of Coshocton City School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2006. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

## **FINANCIAL HIGHLIGHTS**

Key financial highlights for 2006 are as follows:

- ❑ Net assets decreased \$328,222, which represents an 8% decrease from 2005.
- ❑ General revenues accounted for \$13,976,004 in revenue or 79% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$3,755,379 or 21% of total revenues of \$17,731,383.
- ❑ The District had \$18,059,605 in expenses related to governmental activities; only \$3,755,379 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$13,976,004 were not adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$14,261,055 in revenues and \$14,915,425 in expenditures. The general fund's fund balance decreased \$672,413 to an ending deficit balance of \$535,553.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of two parts – *management's discussion and analysis* and the *basic financial statements*. The basic financial statements include two kinds of statements that present different views of the District:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the District's overall financial status.
2. *The Fund Financial Statements* – These statements focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.



# COSHOCTON CITY SCHOOL DISTRICT, OHIO

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*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006*

*Unaudited*

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## **Government-wide Statements**

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net assets and how they have changed. Net-assets (the difference between the District's assets and liabilities) is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional nonfinancial factors such as the property tax base, current property tax laws, student enrollment growth, and facility conditions.

The government-wide financial statements of the District reflect the following category for its activities:

- *Governmental Activities* – Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

## **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's most significant funds, not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

**Governmental Funds** – Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**Proprietary Funds** – The District uses an internal service fund to report activities that provide services for the District's other programs and activities. Proprietary funds are reported in the same manner that all activities are reported in the Statement of Net Assets and the Statement of Activities.

## ***COSHOCTON CITY SCHOOL DISTRICT, OHIO***

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***Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006***

***Unaudited***

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***Fiduciary Funds*** – The District is the trustee, or fiduciary, for various student managed activity programs, various scholarship programs and other items listed as agency. It is also responsible for other assets that, due to a trust arrangement can only be used for the trust beneficiaries. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. We exclude these activities from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

### **FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE**

The following table provides a summary of the District's net assets for 2006 compared to 2005.

	Governmental Activities	
	2006	2005
Current and other assets	\$8,615,915	\$9,574,673
Capital assets, Net	4,416,856	4,568,137
Total assets	13,032,771	14,142,810
Long-term debt outstanding	1,879,789	1,840,863
Other liabilities	7,375,836	8,196,579
Total liabilities	9,255,625	10,037,442
Net assets		
Invested in capital assets, net of related debt	4,259,650	4,317,667
Restricted	216,006	269,606
Unrestricted	(698,510)	(481,905)
Total net assets	<u>\$3,777,146</u>	<u>\$4,105,368</u>

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## ***COSHOCTON CITY SCHOOL DISTRICT, OHIO***

***Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006***

***Unaudited***

Changes in Net Assets – The following table shows the changes in net assets for the fiscal year 2006 compared to fiscal 2005:

	<b>Governmental Activities</b>		<b>Increase (Decrease)</b>
	2006	2005	
<b>Revenues</b>			
Program revenues:			
Charges for Services and Sales	\$1,172,254	\$737,919	\$434,335
Operating Grants and Contributions	2,583,125	2,174,468	408,657
General revenues:			
Property Taxes	5,807,647	5,580,241	227,406
Grants and Entitlements	7,825,182	7,845,911	(20,729)
Other	343,175	108,336	234,839
<b>Total revenues</b>	<u>17,731,383</u>	<u>16,446,875</u>	<u>1,284,508</u>
<b>Program Expenses</b>			
Instruction	10,852,431	10,107,060	745,371
Support Services:			
Pupils	861,642	840,119	21,523
Instructional Staff	950,585	1,146,825	(196,240)
Board of Education	38,168	34,381	3,787
Administration	1,350,791	1,506,690	(155,899)
Fiscal Services	424,334	425,196	(862)
Business	193,182	210,236	(17,054)
Operation and Maintenance of Plant	1,684,217	1,579,646	104,571
Pupil Transportation	340,448	257,061	83,387
Central	79,381	37,017	42,364
Operation of Non-Instructional:			
Food Service Operations	782,416	835,432	(53,016)
Community Services	61,649	67,904	(6,255)
Extracurricular Activities	437,760	444,824	(7,064)
Debt Service:			
Interest and Fiscal Charges	2,601	6,548	(3,947)
<b>Total expenses</b>	<u>18,059,605</u>	<u>17,498,939</u>	<u>560,666</u>
<b>Total Change in Net Assets</b>	<u>(328,222)</u>	<u>(1,052,064)</u>	<u>723,842</u>
Beginning Net Assets	4,105,368	5,157,432	(1,052,064)
<b>Ending Net Assets</b>	<u><u>\$3,777,146</u></u>	<u><u>\$4,105,368</u></u>	<u><u>(328,222)</u></u>

### ***Governmental Activities***

Net assets of the District's governmental activities decreased \$328,222. Increases in operating grants and contributions and instruction can both be attributed to the poverty assistance grant program. Increases in charges for services and sales can be attributed to open enrollment.

## ***COSHOCTON CITY SCHOOL DISTRICT, OHIO***

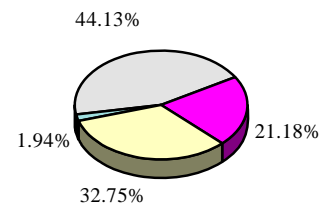
***Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006***

***Unaudited***

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. In general, the overall revenue generated by the levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Property taxes made up 33% of revenues for governmental activities for Coshocton City Schools in fiscal year 2006. The District's reliance upon tax revenues is demonstrated by the following graph:

Revenue Sources	2006	Percent of Total
General Grants	\$7,825,182	44.13%
Program Revenues	3,755,379	21.18%
General Tax Revenues	5,807,647	32.75%
General Other	343,175	1.94%
Total Revenue	<u>\$17,731,383</u>	<u>100.00%</u>



### **FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS**

The District's governmental funds reported a combined fund deficit of \$211,114, which is below last year's total of \$511,932. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2006 and 2005.

	Fund Balance (Deficit) June 30, 2006	Fund Balance June 30, 2005	Increase (Decrease)
General	(\$535,553)	\$136,860	(\$672,413)
Other Governmental	324,439	375,072	(50,633)
Total	<u>(\$211,114)</u>	<u>\$511,932</u>	<u>(\$723,046)</u>

## ***COSHOCTON CITY SCHOOL DISTRICT, OHIO***

***Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006***

***Unaudited***

*General Fund* – The District's General Fund balance decrease is due to many factors. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2006 Revenues	2005 Revenues	Increase (Decrease)
Taxes	\$5,486,814	\$5,290,322	\$196,492
Tuition	628,946	181,682	447,264
Investment Earnings	94,617	48,946	45,671
Class Materials and Fees	17,637	11,310	6,327
Intergovernmental - State	7,868,223	7,834,159	34,064
All Other Revenue	164,818	11,157	153,661
Total	\$14,261,055	\$13,377,576	\$883,479

General Fund revenues in 2006 increased approximately 6.6% compared to revenues in fiscal year 2005. Increases in tuition can be attributed to open enrollment, while increases in investment earnings can be attributed to higher interest rates.

	2006 Expenditures	2005 Expenditures	Increase (Decrease)
Instruction	\$9,261,483	\$8,678,171	\$583,312
Supporting Services:			
Pupils	749,212	749,598	(386)
Instructional Staff	545,944	542,036	3,908
Board of Education	41,450	36,052	5,398
Administration	1,357,359	1,336,786	20,573
Fiscal Services	437,659	432,196	5,463
Business	206,520	222,074	(15,554)
Operation & Maintenance of Plant	1,657,668	1,607,873	49,795
Pupil Transportation	350,156	268,364	81,792
Central	79,381	36,827	42,554
Community Services	7,451	12,044	(4,593)
Extracurricular Activities	221,142	212,371	8,771
Total	\$14,915,425	\$14,134,392	\$781,033

## ***COSHOCTON CITY SCHOOL DISTRICT, OHIO***

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***Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006***

***Unaudited***

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Expenditures increased \$781,033 or 5.5% compared to the prior year mostly due to increases in expenditures for instruction. This increase can be attributed to the poverty assistance grant program.

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2006 the District amended its General Fund budget several times, none significant.

For the General Fund, budget basis revenue was \$14.2 million, below original budget estimates of \$14.4 million. The General Fund had an adequate fund balance to cover expenditures.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### ***Capital Assets***

At the end of fiscal 2006 the District had \$4,416,856 net of accumulated depreciation invested in land, buildings, improvements, machinery, equipment and vehicles. The following table shows fiscal year 2006 and 2005 balances:

	Governmental Activities		Increase (Decrease)
	2006	2005	
Land	\$466,205	\$466,205	\$0
Land Improvements	93,830	93,830	0
Buildings and Improvements	9,644,455	9,487,847	156,608
Machinery and Equipment	3,288,569	3,282,279	6,290
Vehicles	493,725	493,725	0
Less: Accumulated Depreciation	(9,569,928)	(9,255,749)	(314,179)
<b>Totals</b>	<b>\$4,416,856</b>	<b>\$4,568,137</b>	<b>(\$151,281)</b>

The primary increase occurred in buildings and improvements, which consisted of several minor summer projects.

Additional information on the District's capital assets can be found in Note 8.

# COSHOCTON CITY SCHOOL DISTRICT, OHIO

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006*

*Unaudited*

## **Debt**

At June 30, 2006, the District had \$66,556 in bonds outstanding, all of which is due within one year. The following table summarizes the District's debt outstanding as of June 30, 2005 and 2006:

	2005	2006
<b>Governmental Activities:</b>		
General Obligation Bond:		
Energy Conservation	\$129,556	\$66,556
Capital Leases Payable	120,914	90,650
Compensated Absences	1,590,393	1,722,583
Total Governmental Activities	<u>\$1,840,863</u>	<u>\$1,879,789</u>

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 9% of the total assessed value of real and personal property. At June 30, 2006, the District's outstanding debt was below the legal limit. Additional information on the District's long-term debt can be found in Note 10.

## **ECONOMIC FACTORS**

The Coshocton City School District relies upon local property taxes and state foundation to fund its operations. In fiscal year 2006 the district received approximately 37.2% of its revenues from local property taxes and 62.8% from the state foundation program. The District last passed a continuing operating levy in November of 2000. The District continues to experience decreasing enrollment, which reduces the amount of funding from the state foundation program. The District has also experienced a decline in the industrial/commercial valuation due to the closing and reductions of several area businesses. The potential relocation of a large retailer to a development area outside the District and the closure of two manufacturing plants have presented an additional fiscal challenge to District resources.

In addition to the local challenges another challenge facing the District is the future of state funding. As a result of the DeRolph decision and subsequent court decisions the district is unable to determine what effect, if any, a future decision will have on its future state funding and its financial operations.

The District has entered the Expedited Local Partnership program with the Ohio School Facilities Commission. Current planning is to place a bond issue on the ballot in November 2007 or 2008 in order to replace district facilities.

In conclusion, the Coshocton City School District's management has committed itself to financial prudence in the years to come.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Gary L. Lowe, Coshocton City School District.

## ***COSHOCTON CITY SCHOOL DISTRICT, OHIO***

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### ***Statement of Net Assets*** ***June 30,2006***

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	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash and Cash Equivalents	\$ 2,900,384
Receivables:	
Taxes	5,366,747
Accounts	2,186
Intergovernmental	77,825
Inventory of Supplies at Cost	18,133
Prepaid Items	52,292
Restricted Assets:	
Cash and Cash Equivalents	198,348
Capital Assets, Net	4,416,856
<b>Total Assets</b>	<b><u>13,032,771</u></b>
<b>Liabilities:</b>	
Accounts Payable	103,132
Accrued Wages and Benefits	1,335,761
Intergovernmental Payable	462,362
Claims Payable	575,537
Deferred Revenue - Taxes	4,897,371
Accrued Interest Payable	1,673
Long Term Liabilities:	
Due Within One Year	124,215
Due in More Than One Year	1,755,574
<b>Total Liabilities</b>	<b><u>9,255,625</u></b>
<b>Net Assets:</b>	
Invested in Capital Assets, Net of Related Debt	4,259,650
Restricted For:	
Capital Projects	100,327
Debt Service	68,391
Other Purposes	47,288
Unrestricted (Deficit)	(698,510)
<b>Total Net Assets</b>	<b><u>\$ 3,777,146</u></b>

See accompanying notes to the basic financial statements



## COSHOCTON CITY SCHOOL DISTRICT, OHIO

### Statement of Activities For the Fiscal Year Ended June 30, 2006

	Expenses	Program Revenues		Net (Expense) Revenue and and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities:</b>				
Instruction	\$ 10,852,431	\$ 685,719	\$ 1,487,413	\$ (8,679,299)
Support Services:				
Pupils	861,642	0	88,176	(773,466)
Instructional Staff	950,585	0	412,815	(537,770)
Board of Education	38,168	0	0	(38,168)
Administration	1,350,791	0	45,962	(1,304,829)
Fiscal Services	424,334	0	0	(424,334)
Business	193,182	0	0	(193,182)
Operation and Maintenance of Plant	1,684,217	0	2,663	(1,681,554)
Pupil Transportation	340,448	0	6,114	(334,334)
Central	79,381	0	0	(79,381)
Operation of Non-Instructional:				
Food Service Operations	782,416	288,290	489,863	(4,263)
Community Services	61,649	0	50,119	(11,530)
Extracurricular Activities	437,760	198,245	0	(239,515)
Debt Service:				
Interest and Fiscal Charges	2,601	0	0	(2,601)
<b>Total Governmental Activities</b>	<b>\$ 18,059,605</b>	<b>\$ 1,172,254</b>	<b>\$ 2,583,125</b>	<b>(14,304,226)</b>
<b>General Revenues</b>				
Property Taxes Levied for:				
				5,490,576
				72,536
				244,535
				7,825,182
				99,190
				243,985
				<u>13,976,004</u>
				(328,222)
				<u>4,105,368</u>
				<u>\$ 3,777,146</u>

See accompanying notes to the basic financial statements

## ***COSHOCTON CITY SCHOOL DISTRICT, OHIO***

***Balance Sheet  
Governmental Funds  
June 30, 2006***

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 573,276	\$ 586,528	\$ 1,159,804
Receivables:			
Taxes	5,137,050	229,697	5,366,747
Accounts	1,682	504	2,186
Intergovernmental	5,285	72,540	77,825
Interfund Loan Receivable	8,500	0	8,500
Supplies Inventory	0	18,133	18,133
Prepaid Items	52,292	0	52,292
Restricted Assets:			
Cash and Cash Equivalents	198,348	0	198,348
<b>Total Assets</b>	<b>\$ 5,976,433</b>	<b>\$ 907,402</b>	<b>\$ 6,883,835</b>
<b>Liabilities:</b>			
Accounts Payable	\$ 77,816	\$ 25,316	\$ 103,132
Accrued Wages and Benefits	1,174,472	161,289	1,335,761
Intergovernmental Payable	375,741	86,621	462,362
Interfund Loans Payable	0	7,500	7,500
Deferred Revenue - Taxes	4,883,957	229,697	5,113,654
Deferred Revenue	0	72,540	72,540
<b>Total Liabilities</b>	<b>6,511,986</b>	<b>582,963</b>	<b>7,094,949</b>
<b>Fund Balance:</b>			
Reserved for Encumbrances	138,469	52,781	191,250
Reserved for Prepaid Items	52,292	0	52,292
Reserved for Supplies Inventory	0	18,133	18,133
Reserved for Debt Service	0	73,349	73,349
Reserved for Property Taxes	253,093	0	253,093
Reserved for Endowments	0	46,786	46,786
Reserved for Textbooks	181,615	0	181,615
Reserved for Capital Acquisition	16,733	0	16,733
Unreserved, Undesignated in:			
General Fund (Deficit)	(1,177,755)	0	(1,177,755)
Special Revenue Funds	0	42,215	42,215
Capital Projects Funds	0	91,175	91,175
<b>Total Fund Balance</b>	<b>(535,553)</b>	<b>324,439</b>	<b>(211,114)</b>
<b>Total Liabilities and Funds Balance</b>	<b>\$ 5,976,433</b>	<b>\$ 907,402</b>	<b>\$ 6,883,835</b>

See accompanying notes to the basic financial statements

**COSHOCTON CITY SCHOOL DISTRICT, OHIO**

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***Reconciliation Of Total Governmental Fund Balances  
To Net Assets Of Governmental Activities  
June 30, 2006***

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<b>Total Governmental Fund Balances</b>	\$ (211,114)
<b><i>Amounts reported for governmental activities in the statement of net assets are different because</i></b>	
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	4,416,856
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	287,823
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	1,165,043
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(1,881,462)</u>
<b><i>Net Assets of Governmental Funds</i></b>	<b><u><u>\$ 3,777,146</u></u></b>

See accompanying notes to the basic financial statements

## ***COSHOCTON CITY SCHOOL DISTRICT, OHIO***

### ***Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Fiscal Year Ended June 30, 2006***

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Local Sources:			
Taxes	\$ 5,486,814	\$ 317,071	\$ 5,803,885
Tuition	628,946	0	628,946
Investment Earnings	94,617	4,573	99,190
Extracurricular Activities	0	198,245	198,245
Food Services	0	288,290	288,290
Class Materials and Fees	17,637	39,136	56,773
Intermediate Sources	0	2,353	2,353
Intergovernmental - State	7,868,223	958,607	8,826,830
Intergovernmental - Federal	0	1,619,286	1,619,286
All Other Revenue	164,818	76,814	241,632
<b>Total Revenue</b>	<b>14,261,055</b>	<b>3,504,375</b>	<b>17,765,430</b>
<b>Expenditures:</b>			
Current:			
Instruction	9,261,483	1,508,879	10,770,362
Supporting Services:			
Pupils	749,212	101,462	850,674
Instructional Staff	545,944	469,964	1,015,908
Board of Education	41,450	0	41,450
Administration	1,357,359	86,872	1,444,231
Fiscal Services	437,659	6,417	444,076
Business	206,520	1,480	208,000
Operation & Maintenance of Plant	1,657,668	8,635	1,666,303
Pupil Transportation	350,156	89	350,245
Central	79,381	0	79,381
Operation of Non-Instructional:			
Food Service Operations	0	831,348	831,348
Community Services	7,451	54,816	62,267
Extracurricular Activities	221,142	212,659	433,801
Capital Outlay	0	230,550	230,550
Debt Service:			
Principal Retirement	0	63,000	63,000
Interest & Fiscal Charges	0	5,886	5,886
<b>Total Expenditures</b>	<b>14,915,425</b>	<b>3,582,057</b>	<b>18,497,482</b>
Excess (Deficiency) of Revenues Over Expenditures	(654,370)	(77,682)	(732,052)

(Continued)

***COSHOCTON CITY SCHOOL DISTRICT, OHIO***

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	General	Other Governmental Funds	Total Governmental Funds
<b>Other Financing Sources (Uses):</b>			
Transfers In	0	18,143	18,143
Transfers Out	(18,143)	0	(18,143)
Refund of P/Y Expenditures	100	0	100
<b>Total Other Financing Sources (Uses)</b>	(18,043)	18,143	100
Net Change in Fund Balance	(672,413)	(59,539)	(731,952)
<b>Fund Balance at Beginning of Year</b>	136,860	375,072	511,932
Increase in Inventory Reserve	0	8,906	8,906
<b>Fund Balance (Deficit) End of Year</b>	\$ (535,553)	\$ 324,439	\$ (211,114)

See accompanying notes to the basic financial statements

## ***COSHOCTON CITY SCHOOL DISTRICT, OHIO***

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### ***Reconciliation Of The Statement Of Revenues, Expenditures And Changes In Fund Balances Of Governmental Funds To The Statement Of Activities For The Fiscal Year Ended June 30, 2006***

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**Net Change in Fund Balances - Total Governmental Funds** \$ (731,952)

***Amounts reported for governmental activities in the statement of activities are different because***

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. (151,281)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (34,047)

The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net assets. In addition, repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

General Obligation Bond Principal Payment	63,000	
Capital Leases	<u>30,264</u>	93,264

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 3,285

Some expenses reported in the statement of activities, such as compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Increase in Compensated Absences Payable	(132,190)	
Increase in Supplies Inventory	<u>8,906</u>	(123,284)

The internal service funds are used by management to charge the costs of services to individual funds and is not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities. 615,793

***Change in Net Assets of Governmental Activities*** \$ (328,222)

See accompanying notes to the basic financial statements

## ***COSHOCTON CITY SCHOOL DISTRICT, OHIO***

***Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
General Fund  
For the Fiscal Year Ended June 30,2006***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
Local Sources:				
Taxes	\$ 5,403,602	\$ 5,320,595	\$ 5,453,187	\$ 132,592
Tuition	625,000	637,925	628,946	(8,979)
Investment Earnings	29,179	74,525	94,617	20,092
Class Material and Fees	13,500	13,825	16,180	2,355
Intergovernmental - State	8,179,213	7,867,781	7,863,746	(4,035)
All Other Revenues	135,000	162,920	164,998	2,078
Total Revenues	<u>14,385,494</u>	<u>14,077,571</u>	<u>14,221,674</u>	<u>144,103</u>
<b>Expenditures:</b>				
Current:				
Instruction	9,539,734	9,425,749	9,418,001	7,748
Support Services:				
Pupils	799,253	792,926	784,081	8,845
Instructional Staff	603,867	596,924	559,041	37,883
Board of Education	33,400	40,600	40,451	149
Administration	1,339,818	1,402,673	1,397,751	4,922
Fiscal Services	448,532	481,533	448,640	32,893
Business	175,770	248,532	248,428	104
Operation and Maintenance of Plant	1,717,255	1,757,078	1,721,645	35,433
Pupil Transportation	282,199	357,826	356,213	1,613
Central	6,000	79,479	79,381	98
Community Services	11,050	6,802	6,802	0
Extracurricular Activities	177,735	222,495	221,315	1,180
Total Expenditures	<u>15,134,613</u>	<u>15,412,617</u>	<u>15,281,749</u>	<u>130,868</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(749,119)	(1,335,046)	(1,060,075)	274,971
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(18,875)	(18,875)	(18,323)	552
Advances In	0	45,000	45,000	0
Refund of Prior Year's Expenditures	0	0	100	100
Total Other Financing Sources (Uses):	<u>(18,875)</u>	<u>26,125</u>	<u>26,777</u>	<u>652</u>
Net Change in Fund Balance	(767,994)	(1,308,921)	(1,033,298)	275,623
Fund Balance at Beginning of Year	1,257,581	1,257,581	1,257,581	0
Prior Year Encumbrances	334,141	334,141	334,141	0
Fund Balance at End of Year	<u>\$ 823,728</u>	<u>\$ 282,801</u>	<u>\$ 558,424</u>	<u>\$ 275,623</u>

See accompanying notes to the basic financial statements

***COSHOCTON CITY SCHOOL DISTRICT, OHIO***

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***Statement of Net Assets  
Proprietary Funds  
June 30, 2006***

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	Governmental Activities - Internal Service Funds
<b>Assets:</b>	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$ 1,740,580
<b>Total Assets</b>	<u>1,740,580</u>
<b>Liabilities:</b>	
<i>Current Liabilities:</i>	
Claims Payable	<u>575,537</u>
<b>Total Liabilities</b>	<u>575,537</u>
<b>Net Assets:</b>	
Unrestricted	<u>1,165,043</u>
<b>Total Net Assets</b>	<u><u>\$ 1,165,043</u></u>

See accompanying notes to the basic financial statements



## ***COSHOCTON CITY SCHOOL DISTRICT, OHIO***

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***Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2006***

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	Governmental Activities - Internal Service Funds
<b>Operating Revenues:</b>	
Other Operating Revenue	\$ 3,266,376
<b>Total Operating Revenues</b>	<u>3,266,376</u>
<b>Operating Expenses:</b>	
Contractual Services	<u>2,650,583</u>
<b>Total Operating Expenses</b>	<u>2,650,583</u>
Change in Net Assets	615,793
Net Assets Beginning of Year	<u>549,250</u>
Net Assets End of Year	<u>\$ 1,165,043</u>

See accompanying notes to the basic financial statements

***COSHOCTON CITY SCHOOL DISTRICT, OHIO***

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***Statement of Cash Flows***

***Proprietary Funds***

***For the Fiscal Year Ended June 30,2006***

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	Governmental Activities - Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Interfund Charges	\$3,266,376
Cash Payments to Employees for Services and Benefits	<u>(2,277,914)</u>
Net Cash Provided by Operating Activities	<u>988,462</u>
Net Increase in Cash and Cash Equivalents	988,462
Cash and Cash Equivalents at Beginning of Year	<u>752,118</u>
Cash and Cash Equivalents at End of Year	<u><u>\$1,740,580</u></u>
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income	\$615,793
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Increase in Claims Payable	<u>372,669</u>
Total Adjustments	<u>372,669</u>
Net Cash Provided by Operating Activities	<u><u>\$988,462</u></u>

See accompanying notes to the basic financial statements

***COSHOCTON CITY SCHOOL DISTRICT, OHIO***

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***Statement of Net Assets  
Fiduciary Funds  
June 30, 2006***

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	Private Purpose Trust		
	Special Trust Fund	Student Activity Fund	Total
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 9,077	\$ 39,038	\$ 48,115
Receivables:			
Interest	459	0	459
Restricted Assets:			
Investments	440,120	0	440,120
<b>Total Assets</b>	<u>449,656</u>	<u>39,038</u>	<u>488,694</u>
<b>Liabilities:</b>			
Due to Students	0	39,038	39,038
Interfund Loans Payable	1,000	0	1,000
<b>Total Liabilities</b>	<u>1,000</u>	<u>39,038</u>	<u>40,038</u>
<b>Net Assets:</b>			
Unrestricted	448,656	0	448,656
<b>Total Net Assets</b>	<u>\$ 448,656</u>	<u>\$ 0</u>	<u>\$ 448,656</u>

See accompanying notes to the basic financial statements

***COSHOCTON CITY SCHOOL DISTRICT, OHIO***

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***Statement of Changes in Net Assets  
Fiduciary Fund  
For the Fiscal Year Ended June 30, 2006***

---

	Private Purpose Trust
	Special Trust Fund
<b>Additions:</b>	
Investment Earnings:	
Interest	\$ 56,290
Net Decrease in the Fair Value of Investments	(6,479)
Total Additions	<u>49,811</u>
<b>Deductions:</b>	
Community Gifts, Awards and Scholarships	<u>19,951</u>
Total Deductions	<u>19,951</u>
Change in Net Assets	29,860
Net Assets at Beginning of Year	<u>418,796</u>
Net Assets End of Year	<u><u>\$ 448,656</u></u>

See accompanying notes to the basic financial statements

# ***COSHOCTON CITY SCHOOL DISTRICT, OHIO***

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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### **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 94 noncertified and approximately 159 certified teaching personnel and administrative employees providing education to 1,962 students.

The accompanying basic 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 School Board Association Workers' Compensation Group Rating Program, the Coshocton County Joint Vocational School District, Ohio Mid-Eastern Regional Education Service Agency, and the Coshocton County Tax Incentive Review Council. These organizations are presented in Note 14 to the basic 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.

#### **B. Basis of Presentation - Fund Accounting**

The accounting system is organized and operated on the basis of funds, 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 grouped into the categories governmental, proprietary and fiduciary.

# ***COSHOCTON CITY SCHOOL DISTRICT, OHIO***

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

---

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **B. Basis of Presentation - Fund Accounting (Continued)**

***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 is the District's only major governmental fund:

**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.

***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. The proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

**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*** - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary category is split into two classifications: private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations or other governments and therefore not available to support the District's own programs. The District's only trust fund is a private purpose trust that accounts for scholarship programs, gifts and awards for specific students. State law permits the District to appropriate for purposes consistent with the endowment's intent, net appreciation, both realized and unrealized. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

#### **C. Basis of Presentation - Financial Statements**

**Government-wide Financial Statements** - The Statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses.

## ***COSHOCTON CITY SCHOOL DISTRICT, OHIO***

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **C. Basis of Presentation – Financial Statements** (Continued)

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

**Fund Financial Statements** – Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e. expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds are reported using the economic resources measurement focus.

## ***COSHOCTON CITY SCHOOL DISTRICT, OHIO***

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **D. 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. 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.

Under the modified accrual basis, the following revenue sources are considered susceptible to accrual at year end: property taxes, tuition, grants and entitlements, student fees, and interest on investments.

Current property taxes measurable at June 30, 2006, and which are not intended to finance fiscal 2006 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, 2006 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 government-wide financial statements, proprietary funds, private-purpose trust fund and agency 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.

***Revenues – Exchange and Non-exchange Transactions*** – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.



## ***COSHOCTON CITY SCHOOL DISTRICT, OHIO***

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **D. Basis of Accounting** (Continued)

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlement and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

##### **E. 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 basis of budgeting. 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 the General Fund is required to be reported. The primary level of budgetary control is at the fund level. Supplemental 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.

## ***COSHOCTON CITY SCHOOL DISTRICT, OHIO***

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **E. Budgetary Process** (Continued)

##### **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 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 2006.

##### **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 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 may be modified during the year with approval of the Board. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual" are provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

##### **4. 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.

# ***COSHOCTON CITY SCHOOL DISTRICT, OHIO***

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **E. Budgetary Process (Continued)**

##### **5. Basis of Budgeting**

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. Encumbrances are recorded as the equivalent of expenditures (budgetary basis) as opposed to reservations of fund balance (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund:

	Net Change in Fund Balance
	<u>General Fund</u>
GAAP Basis (as reported)	(\$672,413)
Increase (Decrease):	
Accrued Revenues at June 30, 2006, received during FY 2007	(268,560)
Accrued Revenues at June 30, 2005, received during FY 2006	274,000
Accrued Expenditures at June 30, 2006, paid during FY 2007	1,628,029
Accrued Expenditures at June 30, 2005, paid during FY 2006	(1,782,418)
FY 2005 Prepays for FY 2006	53,557
FY 2006 Prepays for FY 2007	(52,292)
Encumbrances Outstanding	(213,201)
Budget Basis	<u><u>(\$1,033,298)</u></u>

# ***COSHOCTON CITY SCHOOL DISTRICT, OHIO***

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **F. Cash and Cash Equivalents**

During fiscal year 2006, cash and cash equivalents included amounts in demand deposits, repurchase agreements, and the State Treasury Asset Reserve (STAR Ohio). STAR Ohio is a very liquid investment and is reported as a cash equivalent in the basic 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 3, "Cash, Cash Equivalents and Investments."

#### **G. 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 3, "Cash, Cash Equivalents and Investments."

The District has invested funds in the STAR Ohio during 2006. 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, 2006.

#### **H. Inventory**

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, 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 funds when purchased and as expenses in the proprietary funds when used.

# COSHOCTON CITY SCHOOL DISTRICT, OHIO

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## *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30,2006*

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **I. Capital Assets and Depreciation**

Capital assets are defined by the District as assets with an initial, individual cost of more than \$500 and an estimated useful life threshold of five or more years.

##### 1. Property, Plant and Equipment - Governmental Activities

Governmental Activities capital assets are those not directly related to the business type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Assets, but they are not reported in the Fund Financial Statements.

Contributed capital assets are recorded at fair market value at the date received. The District does not possess any infrastructure. Capital 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 capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

##### 2. Depreciation

All capital assets are depreciated, excluding land and construction in progress. Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives (in years)</u>
Land Improvements	30
Building and Improvements	30
Machinery and Equipment	10
Vehicles	5

# ***COSHOCTON CITY SCHOOL DISTRICT, OHIO***

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **J. Long-Term Obligations**

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

<u>Obligation</u>	<u>Fund</u>
General Obligation Bond	Bond Retirement Fund
Capital Leases	General Fund
Compensated Absences	General Fund, Food Services Fund, Poverty Based Assistance Fund, Parent Mentor Grant Fund, Title VI-B Fund, Chapter I Fund

#### **K. 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. 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.” In the government-wide statement of net assets, “Compensated Absences Payable” is recorded within the “Due within one year” account and the long-term portion of the liability is recorded within the “Due in more than one year” account. Compensated absences are expensed in the proprietary funds when earned and the related liability is reported within the fund.

#### **L. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

## ***COSHOCTON CITY SCHOOL DISTRICT, OHIO***

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **M. Pensions**

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

##### **N. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

##### **O. 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, supplies inventory, debt service, property taxes, statutory requirements, endowments, 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.

##### **P. Restricted Assets**

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

##### **Q. Estimates**

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

##### **R. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2006, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

# ***COSHOCTON CITY SCHOOL DISTRICT, OHIO***

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **S. Operating Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are sales for interfund charges for the internal service funds. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

#### **T. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. The District had no extraordinary or special items during fiscal year 2006.

### **NOTE 2 - COMPLIANCE AND ACCOUNTABILITY**

**Fund Deficits** - The fund deficits at June 30, 2006 of \$535,553 in the General Fund, \$3,428 in the Food Service Fund, \$71 in the Entry Year Program Fund, \$23,483 in the Alternative School Grant Fund, \$20,118 in the Poverty Based Assistance Fund, \$45,172 in the Title VI-B Grant Fund, \$22,042 in the Chapter I Fund, \$6,466 in the Preschool Grant Fund, and \$16,945 in the Miscellaneous Federal Grants 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. Deficits do not exist under the cash basis of accounting.

### **NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS**

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments.

Statutes require the classification of funds held by the District into three categories. Category 1 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.

Category 2 consists of "inactive" funds - those funds not required for use within the current five 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:



## ***COSHOCTON CITY SCHOOL DISTRICT, OHIO***

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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#### **NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

- 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).

#### **A. Deposits**

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned. Protection of District cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. 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 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as 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. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

**COSHOCTON CITY SCHOOL DISTRICT, OHIO**

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006**

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**NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)**

**A. Deposits (Continued)**

At year end the carrying amount of the District's deposits was \$2,219,855 and the bank balance was \$2,234,803. Federal depository insurance covered \$200,000 of the bank balance and \$2,034,803 was uninsured. Of the remaining uninsured bank balance, the District was exposed to custodial risk as follows:

	Balance
Uninsured and collateralized with securities held by the pledging institution's trust department not in the District's name	\$2,034,803
Total Balance	\$2,034,803

**B. Investments**

The District's investments at June 30, 2006 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in Years)		
			less than 1	1-3	3-5
Repurchase Agreements	\$145,905	N/A	\$145,905	\$0	\$0
STAR Ohio	838,087	AAAm <sup>1</sup>	838,087	0	0
Mutual Funds/Stock	383,120	N/A	383,120	0	0
Total Investments	\$1,367,112		\$1,367,112	\$0	\$0

<sup>1</sup> Standard & Poor's

*Interest Rate Risk* – The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date.

*Concentration of Credit Risk* – The District places no limit on the amount the District may invest in one issuer.

*Custodial Credit Risk* – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Of the District's investment in repurchase agreements, the entire balance is collateralized by underlying securities pledged by the investment's counterparty, not in the name of the District.

## ***COSHOCTON CITY SCHOOL DISTRICT, OHIO***

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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#### **NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)**

##### **C. Reconciliation of Cash, Cash Equivalents and Investments**

The classification of cash, cash equivalents and investments on the financial statements is based on criteria set forth in GASB Statement No. 9. Certificates of deposit with an original maturity of three months or less 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.

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Per Financial Statements	\$3,146,847	\$440,120
Certificates of Deposit (with maturities of more than 3 months)	57,000	(57,000)
Repurchase Agreements	(145,905)	145,905
STAR Ohio	<u>(838,087)</u>	<u>838,087</u>
Per GASB Statement No. 3	<u>\$2,219,855</u>	<u>\$1,367,112</u>

#### **NOTE 4 - 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 2006 were levied after October 1, 2005 on assessed values as of January 1, 2005, 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. A revaluation was completed in 2006. 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***

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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#### **NOTE 4 - 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 2006, upon which the 2005 levies were based, were as follows:

Agricultural/Residential and Other Real Estate	\$151,698,010
Public Utility Personal	7,037,010
Tangible Personal Property	<u>23,184,637</u>
Total Assessed Value	<u>\$181,919,657</u>
Tax rate per \$1,000 of assessed valuation	\$51.35

#### **NOTE 5 - RECEIVABLES**

Receivables at June 30, 2006 consisted of taxes, accounts and intergovernmental receivables.

#### **NOTE 6 - TRANSFERS**

Following is a summary of transfers in and out for all funds at June 30, 2006:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$0	\$18,143
Other Governmental Funds	18,143	0
Total All Funds	<u>\$18,143</u>	<u>\$18,143</u>

#### **NOTE 7 - INTERFUND RECEIVABLES/PAYABLES**

Following is a summary of interfund receivables/payables for all funds at June 30, 2006:

	<u>Interfund Loan Receivable</u>	<u>Interfund Loan Payable</u>
General Fund	\$8,500	\$0
Other Governmental Funds	0	7,500
Private Purpose Trust Fund	0	1,000
Totals	<u>\$8,500</u>	<u>\$8,500</u>

**COSHOCTON CITY SCHOOL DISTRICT, OHIO**

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006**

**NOTE 8 - CAPITAL ASSETS**

**Governmental Activities Capital Assets**

Summary by category of changes in governmental activities capital assets at June 30, 2006:

*Historical Cost:*

<u>Class</u>	<u>June 30, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2006</u>
<i>Capital assets not being depreciated:</i>				
Land	\$466,205	\$0	\$0	\$466,205
<i>Capital assets being depreciated:</i>				
Land Improvements	93,830	0	0	93,830
Buildings and Improvements	9,487,847	156,608	0	9,644,455
Machinery and Equipment	3,282,279	49,006	(42,716)	3,288,569
Vehicles	493,725	0	0	493,725
Total Cost	<u>\$13,823,886</u>	<u>\$205,614</u>	<u>(\$42,716)</u>	<u>\$13,986,784</u>

*Accumulated Depreciation:*

<u>Class</u>	<u>June 30, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2006</u>
Land Improvements	(\$9,897)	\$0	\$0	(\$9,897)
Buildings and Improvements	(6,445,380)	(146,770)	0	(6,592,150)
Machinery and Equipment	(2,380,140)	(198,147)	42,716	(2,535,571)
Vehicles	(420,332)	(11,978)	0	(432,310)
Total Depreciation	<u>(\$9,255,749)</u>	<u>(\$356,895) *</u>	<u>\$42,716</u>	<u>(\$9,569,928)</u>
<i>Net Value:</i>	<u>\$4,568,137</u>			<u>\$4,416,856</u>

\* Depreciation expenses were charged to governmental functions as follows:

Instruction	\$203,613
Support Services:	
Pupils	32,189
Administration	11,730
Fiscal Services	1,841
Operations & Maintenance of Plant	94,155
Transportation	219
Operation of Non-Instructional	
Food Service Operations	9,189
Extracurricular Activities	3,959
Total Depreciation Expense	<u>\$356,895</u>

## ***COSHOCTON CITY SCHOOL DISTRICT, OHIO***

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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#### **NOTE 9 - 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 death 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 publicly available, 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, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (800) 878-5853. It is also posted on SERS' website, [www.ohsers.org](http://www.ohsers.org), under Forms and Publications.

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 10% 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, 2005, (latest information available) 10.57% was allocated to fund the pension benefit and 3.43% to fund health care. The District's contributions to the SERS of Ohio for the years ending June 30, 2006, 2005, and 2004 were \$299,160, \$301,104, and \$283,668, 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. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility, and retirement status. The portion of the 2005 employer contribution rate (latest information available) that was used to fund health care for the year 2005 was 3.43%. 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 2006, the minimum pay has been established as \$35,800. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund. The amount contributed to fund health care benefits, including the surcharge amounted to \$113,939.

## ***COSHOCTON CITY SCHOOL DISTRICT, OHIO***

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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#### **NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)**

##### **A. School Employees Retirement System of Ohio (SERS of Ohio) (Continued)**

Health care benefits are financed on a pay-as-you-go basis. Net health care costs for the year ended June 30, 2005 were \$178,221,113. The target level for the health care reserve is 150% of the projected claims less premium contributions for the next fiscal year. As of June 30, 2005, the value of the health care fund was \$267.5 million, which is about 168% of next year's projected net health care costs of \$158,776,151. On the basis of actuarial projections, the allocated contributions will be insufficient, in the long term, to provide for a health care reserve equal to at least 150% of estimated annual net claim costs. The number of participants eligible to receive benefits is 58,123.

##### **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 Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371, or by calling (614) 227-4090 or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

**COSHOCTON CITY SCHOOL DISTRICT, OHIO**

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006**

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**NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)**

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

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 10%, 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. At June 30, 2005, (latest information available) 13% was allocated to fund the pension benefit and 1% to fund health care. The District's contributions to the STRS of Ohio for the years ending June 30, 2006, 2005, and 2004 were \$1,169,016, \$1,112,064, and \$1,002,936, respectively, which were equal to the required contributions for each year.

STRS provides postemployment health care benefits to retirees who participated in the DB or Combined Plans and their dependents. Coverage includes hospitalization, physician fees, prescription drugs and partial reimbursement of monthly Medicare Part B 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 pay a portion of the health care cost in the form of a monthly premium. By Ohio law, health care benefits are not guaranteed.

Benefits are funded on a pay-as-you-go basis through an allocation of employer contributions to the Health Care Stabilization Fund. For the fiscal year ended June 30, 2005, (latest information available) the board allocated employer contributions are equal to 1% of covered payroll to the Health Care Stabilization Fund, which amounted to \$83,501 for the District. The balance of the Health Care Stabilization Fund was \$3.3 billion at June 30, 2005. For the fiscal year ended June 30, 2005, the net health care costs paid by STRS were \$254,780,000. There were 115,395 eligible benefit recipients.

**NOTE 10 - LONG-TERM DEBT AND OTHER OBLIGATIONS**

Detail of the changes in the bonds, capital leases, and compensated absences of the District for the year ended June 30, 2006 is as follows:

		Balance			Balance	Amount Due
		June 30, 2005	Additions	Deductions	June 30, 2006	Within One Year
<b>Governmental Activities:</b>						
General Obligation Bond:						
Energy Conservation Bond	6.00%	\$129,556	\$0	(\$63,000)	\$66,556	\$66,556
Capital Leases Payable		120,914	0	(30,264)	90,650	32,366
Compensated Absences		1,590,393	1,722,583	(1,590,393)	1,722,583	25,293
Total Governmental Activities		<u>\$1,840,863</u>	<u>\$1,722,583</u>	<u>(\$1,683,657)</u>	<u>\$1,879,789</u>	<u>\$124,215</u>



## ***COSHOCTON CITY SCHOOL DISTRICT, OHIO***

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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#### **NOTE 10 - LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)**

##### **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, 2006, follows:

<u>Years</u>	<u>General Obligation Bond</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$66,556	\$2,008	\$68,564
Totals	<u>\$66,556</u>	<u>\$2,008</u>	<u>\$68,564</u>

#### **NOTE 11 - CAPITALIZED LEASES**

The District leases five copiers under capital leases. The cost of the equipment obtained under capital lease is included in the Governmental Activities Capital Assets and the related liability included in the Governmental Activities Other Long-Term Obligations.

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, 2006:

<u>Year Ending June 30,</u>	<u>Capital Leases</u>
2007	\$37,315
2008	37,315
2009	22,741
2010	<u>1,652</u>
Minimum Lease Payments	99,023
Less: Amount representing interest at the District's incremental borrowing rate of interest	<u>(8,373)</u>
Present Value of minimum lease payments	<u>\$90,650</u>

## ***COSHOCTON CITY SCHOOL DISTRICT, OHIO***

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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#### **NOTE 12 – 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, 2006, the reserve activity (cash-basis) was as follows:

	Textbook Reserve	Capital Acquisition Reserve	Total
Set-aside Cash Balance as of June 30, 2005	\$69,972	(\$12,195)	\$57,777
Current Year Set-Aside Requirement	291,699	291,699	583,398
Qualifying Disbursements	(180,056)	(262,771)	(442,827)
Total	<u>181,615</u>	<u>16,733</u>	<u>198,348</u>
Cash Balance Carried Forward to FY 2007	<u>\$181,615</u>	<u>\$16,733</u>	<u>198,348</u>
Amount Restricted			<u>\$198,348</u>

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

#### **NOTE 13- RISK MANAGEMENT**

##### **A. Insurance Purchasing Pool**

*Ohio School Boards Association (OSBA) Workers' Compensation Group Rating Program* - 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.

## ***COSHOCTON CITY SCHOOL DISTRICT, OHIO***

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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#### **NOTE 13 - 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 2006 the District contracted with Indiana Insurance Company for various insurance coverages, as follows:

<u>Insurance Provider</u>	<u>Coverage</u>	<u>Deductible</u>
Indiana Insurance Company	Automobile	\$250 Comprehensive; \$500 Collision
Indiana Insurance Company	Buildings and Contents	\$1,000
Indiana Insurance Company	Inland Marine Coverage	\$500
Indiana Insurance Company	Boiler and Machinery	\$2,500
Indiana Insurance Company	Professional Liability	\$1,200

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, 2006, for the dental and prescription self-insurance programs amounted to \$575,537.

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.

## ***COSHOCTON CITY SCHOOL DISTRICT, OHIO***

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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#### **NOTE 13 - RISK MANAGEMENT (Continued)**

##### **B. Other Insurance** (Continued)

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.

The claims liability of \$575,537 reported in the fund at June 30, 2006 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 2006 were:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year End</u>
2005	\$ 207,326	\$ 2,806,173	\$ (2,810,631)	\$ 202,868
2006	202,868	2,650,541	(2,277,872)	575,537

#### **NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS**

##### **A. Ohio School Board 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 2006, no monies were paid to the Joint Vocational School from the Coshocton City School District.

## ***COSHOCTON CITY SCHOOL DISTRICT, OHIO***

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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#### **NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS (Continued)**

##### **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.

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.

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## ***COSHOCTON CITY SCHOOL DISTRICT, OHIO***

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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#### **NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS (Continued)**

##### **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 15 - 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, 2006.

##### **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, 2006.

##### **C. State School Funding**

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding decision is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient..."

The School District is currently unable to determine what effect, if any, this decision will have its future State funding and on its financial operations.

## ***COSHOCTON CITY SCHOOL DISTRICT, OHIO***

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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#### **NOTE 16 – RESTATEMENT OF NET ASSETS**

Certain adjustments were made to the Governmental Activities beginning net asset balance to account for the correction of errors in capital asset reporting. As a result of the restatement, the District's Governmental Activities net asset balance at June 30, 2005 decreased \$110,466, to a restated amount of \$4,105,368.

**WOLFE, WILSON, & PHILLIPS, INC.  
37 SOUTH SEVENTH STREET  
ZANESVILLE, OHIO 43701**

**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 43812

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Coshocton City School District as of and for the year ended June 30, 2006, and have issued our report thereon dated November 22, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**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 opinions on the financial statements and not to provide an opinion 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 reportable 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 caused by error or fraud 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 other matters involving the internal control over financial reporting, which we have reported to management of the District in a separate letter dated November 22, 2006.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Coshocton City School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 22, 2006.

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 22, 2006



**WOLFE, WILSON, & PHILLIPS, INC.  
37 SOUTH SEVENTH STREET  
ZANESVILLE, OHIO 43701**

**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 43812

**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, 2006. 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 auditing standards generally accepted in the United States of America; 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, 2006.

**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.

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 22, 2006

**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:	Title 1; CFDA #84.010 Nutrition Cluster: CFDA #10.553 10.555
(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  
COSHOCTON COUNTY  
SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Federal Grantor/ Sub-Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b><u>U.S. DEPARTMENT OF AGRICULTURE:</u></b>						
Pass through Ohio Department of Education						
Nutrition Cluster						
National School Breakfast Program	n/a	10.553	\$ 97,277	\$ -	\$ 97,277	\$ -
National School Lunch Program	n/a	10.555	332,188	-	332,188	-
Total Nutrition Cluster			429,465	-	429,465	-
Food Distribution Program	n/a	10.550	-	40,739	-	40,739
<b>Total U.S. Department of Agriculture</b>			429,465	40,739	429,465	40,739
<b><u>U.S. DEPARTMENT OF EDUCATION:</u></b>						
Pass through Ohio Department of Education						
Title I Educationally Deprived Children	043828C1S105 043828C1S106	84.010	57,779 265,256 323,035	- - -	97,775 258,400 356,175	- - -
Special Education Cluster:						
Title VI-B Special Education Assistance for handicapped Children	0438286BSF05 0438286BSF06	84.027	141,970 489,240	- -	141,970 459,681	- -
Preschool Grants for Children with Disabilities	043828PG3105 043828PG3106	84.173	- 3,315 30,693 665,218	- - - -	966 6,238 30,693 639,548	- - - -
Drug Free School Program	043828DRS104 043828DRS105 043828DRS106	84.186	- 3,316 9,747 13,063	- - - -	6,080 5,313 - 11,393	- - - -
Evenstart Program	043828EVA105 043828EVA106	84.213	20,851 104,650 125,501	- - -	- 92,402 92,402	- - -
Innovative Education Program Strategies	043828C2S105 043828C2S106	84.298	5,842 7,301 13,143	- - -	7,138 5,926 13,064	- - -
Technology Literacy Challenge	043828TJS104 043828TJS106	84.318	- 10,595 10,595	- - -	3,745 - 3,745	- - -
Improving Teacher Quality State Grant	043828TRS106	84.367	99,617 99,617	- -	99,617 99,617	- -
<b>Total U.S. Department of Education</b>			1,250,172	-	1,215,944	-
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>						
Pass through Ohio EMA						
Disaster Grants-Public Assistance	n/a	97.036	2,726	-	2,726	-
<b>Total U.S. Department of Health and Human Services</b>			2,726	-	2,726	-
<b>Total Federal Awards Expenditures</b>			<u>1,682,363</u>	<u>40,739</u>	<u>1,648,135</u>	<u>40,739</u>

See notes to Schedule of Federal Awards 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.





**Mary Taylor, CPA**  
Auditor of State

**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.

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED**  
**JANUARY 30, 2007**