

***COSHOCTON CITY SCHOOL DISTRICT***

***COSHOCTON COUNTY***

**AUDIT REPORT**

**For the Year Ended June 30, 2009**

***Charles E. Harris & Associates, Inc.***  
**Certified Public Accountants and Government Consultants**





Mary Taylor, CPA  
Auditor of State

Board of Education  
Coshocton City School District  
1207 Cambridge Road  
Coshocton, Ohio 43812

We have reviewed the *Report of Independent Accountants* of the Coshocton City School District, Coshocton County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2008 through June 30, 2009. 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

March 16, 2010

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**COSHOCTON CITY SCHOOL DISTRICT  
COSHOCTON COUNTY  
AUDIT REPORT  
For the Year Ended June 30, 2009**

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COSHOCTON COUNTY  
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***Charles E. Harris & Associates, Inc.***  
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REPORT OF INDEPENDENT ACCOUNTANTS

Coshocton City School District  
Coshocton County  
1207 Cambridge Road  
Coshocton, Ohio 43812

To the Board of Education:

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, Ohio, (the District), as of and for the year ended June 30, 2009, 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 of America 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates 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 basic 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, Coshocton County, Ohio, as of June 30, 2009, and the respective changes in financial position and cash flows and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2009 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Coshocton City School District's basic financial statements. The accompanying schedule of federal awards expenditures is presented for the purposes of additional analysis as required by *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information as been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

***Charles E. Harris & Associates, Inc.***

December 30, 2009

# COSHOCTON CITY SCHOOL DISTRICT, OHIO

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*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2009*

*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, 2009. 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 2009 are as follows:

- ❑ Net assets increased \$1,745,828, which represents a 39% increase from 2008.
- ❑ General revenues accounted for \$14,392,904 in revenue or 79% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$3,783,699 or 21% of total revenues of \$18,176,603.
- ❑ The District had \$16,430,775 in expenses related to governmental activities; only \$3,783,699 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$14,392,904 were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$14,890,883 in revenues and \$13,875,966 in expenditures. The general fund's fund balance increased \$1,015,157 to an ending deficit balance of \$237,876.

## **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, 2009*

*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 internal service funds to report activities that provide services for the District's other programs and activities. The District's dental and prescription drug self insurance program is reported in an internal service fund. 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, 2009***

***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 2009 compared to 2008.

	Governmental Activities	
	2009	2008
Current and other assets	\$10,236,872	\$7,871,552
Capital assets, Net	4,145,221	4,318,049
Total assets	14,382,093	12,189,601
Long-term debt outstanding	1,380,535	1,664,979
Other liabilities	6,735,035	6,003,927
Total liabilities	8,115,570	7,668,906
Net assets		
Invested in capital assets, net of related debt	4,054,061	4,198,103
Restricted	273,942	199,302
Unrestricted	1,938,520	123,290
Total net assets	\$6,266,523	\$4,520,695

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

***Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2009***

***Unaudited***

Changes in Net Assets – The following table shows the changes in net assets for the fiscal year 2009 compared to fiscal 2008:

	<b>Governmental Activities</b>		<b>Increase (Decrease)</b>
	2009	2008	
<b>Revenues</b>			
Program Revenues:			
Charges for Services and Sales	\$1,358,843	\$1,339,775	\$19,068
Operating Grants and Contributions	2,410,748	2,410,632	116
Capital Grants and Contributions	14,108	3,684	10,424
Total Program Revenues	3,783,699	3,754,091	29,608
General Revenues:			
Property Taxes	4,638,099	4,848,707	(210,608)
Intergovernmental, Unrestricted	9,416,205	8,583,235	832,970
Other	338,600	377,085	(38,485)
Total General Revenues	14,392,904	13,809,027	583,877
<b>Total Revenues</b>	18,176,603	17,563,118	613,485
<b>Program Expenses</b>			
Instruction	10,038,315	10,336,822	(298,507)
Support Services:			
Pupils	612,459	671,841	(59,382)
Instructional Staff	791,665	686,934	104,731
Board of Education	2,054	27,662	(25,608)
Administration	1,230,325	1,259,400	(29,075)
Fiscal Services	388,534	412,055	(23,521)
Business	177,166	247,766	(70,600)
Operation and Maintenance of Plant	1,656,227	1,523,077	133,150
Pupil Transportation	272,653	313,954	(41,301)
Central	23,427	32,960	(9,533)
Operation of Non-Instructional:			
Food Service Operations	778,234	772,590	5,644
Community Services	75,112	85,183	(10,071)
Extracurricular Activities	384,604	427,986	(43,382)
<b>Total Expenses</b>	16,430,775	16,798,230	(367,455)
<b>Total Change in Net Assets</b>	1,745,828	764,888	980,940
Beginning Net Assets - Restated	4,520,695	3,755,807	764,888
<b>Ending Net Assets</b>	\$6,266,523	\$4,520,695	1,745,828

### ***Governmental Activities***

Net assets of the District's governmental activities increased \$1,745,828 or approximately 39%. Decreases in property tax revenues can be attributed to a phase out of the personal property tax. This decrease in property tax was offset by reimbursements from the State, resulting in the increase in intergovernmental revenues. Decreases in expenditures can mostly be attributed to decreases in costs for salaries and benefits.

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

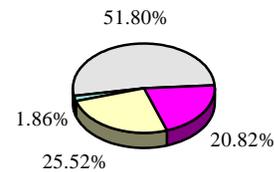
***Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2009***

***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 26% of revenues for governmental activities for Coshocton City Schools in fiscal year 2009. The District's reliance upon tax revenues is demonstrated by the following graph:

Revenue Sources	2009	Percent of Total
General Grants	\$9,416,205	51.80%
Program Revenues	3,783,699	20.82%
General Tax Revenues	4,638,099	25.52%
General Other	338,600	1.86%
Total Revenue	<u>\$18,176,603</u>	<u>100.00%</u>



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

The District's governmental funds reported a combined fund deficit of \$101,049, which is above last year's total deficit of \$940,106. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2009 and 2008.

	Fund Balance (Deficit) June 30, 2009	Fund Balance (Deficit) June 30, 2008	Increase (Decrease)
General	(\$237,876)	(\$1,253,033)	\$1,015,157
Other Governmental	136,827	312,927	(176,100)
Total	<u>(\$101,049)</u>	<u>(\$940,106)</u>	<u>\$839,057</u>

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

***Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2009***

***Unaudited***

*General Fund* – The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2009 Revenues	2008 Revenues	Increase (Decrease)
Taxes	\$4,401,218	\$4,608,772	(\$207,554)
Tuition	845,261	817,079	28,182
Investment Earnings	176,864	173,499	3,365
Class Materials and Fees	25,859	20,185	5,674
Intergovernmental - State	9,430,067	8,607,937	822,130
All Other Revenue	11,614	4,896	6,718
Total	\$14,890,883	\$14,232,368	\$658,515

General Fund revenues in 2009 increased approximately 5% compared to revenues in fiscal year 2008. Decreases in taxes can be attributed to a phase out of the personal property tax. This decrease in taxes was offset by reimbursements from the State, resulting in the increase in intergovernmental revenues.

	2009 Expenditures	2008 Expenditures	Increase (Decrease)
Instruction	\$8,971,875	\$9,333,094	(\$361,219)
Supporting Services:			
Pupils	595,195	615,796	(20,601)
Instructional Staff	401,881	408,051	(6,170)
Board of Education	2,054	28,342	(26,288)
Administration	1,268,281	1,269,138	(857)
Fiscal Services	396,369	429,703	(33,334)
Business	177,166	246,227	(69,061)
Operation and Maintenance of Plant	1,565,202	1,518,158	47,044
Pupil Transportation	284,830	317,302	(32,472)
Community Services	14,295	6,699	7,596
Extracurricular Activities	198,818	206,325	(7,507)
Total	\$13,875,966	\$14,378,835	(\$502,869)

Expenditures decreased \$502,869 or 3% compared to the prior year. This decrease in expenditures can mostly be attributed to decreases in salaries and benefits.

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

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***Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2009***

***Unaudited***

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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 2009 the District amended its General Fund budget several times, none significant.

For the General Fund, final budget basis revenue of \$15.7 million was more than original budget estimates of \$14.9 million. Actual revenues of \$14.9 million were less than final budgetary estimates due to decreases in tax revenues. Actual and budgeted expenditures were not materially different. The General Fund had an adequate fund balance to cover expenditures.

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

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

At the end of fiscal 2009 the District had \$4,145,221 net of accumulated depreciation invested in land, buildings, improvements, machinery, equipment and vehicles. The following table shows fiscal year 2009 and 2008 balances:

	Governmental Activities		Increase (Decrease)
	2009	2008	
Land	\$466,205	\$466,205	\$0
Land Improvements	89,337	89,337	0
Buildings and Improvements	9,631,477	9,564,544	66,933
Machinery and Equipment	3,451,982	3,455,936	(3,954)
Vehicles	465,993	465,993	0
Less: Accumulated Depreciation	(9,959,773)	(9,723,966)	(235,807)
<b>Totals</b>	<b>\$4,145,221</b>	<b>\$4,318,049</b>	<b>(\$172,828)</b>

Additional information on the District's capital assets can be found in Note 7.

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

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***Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2009***

***Unaudited***

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### ***Debt***

The following table summarizes the District's debt outstanding as of June 30, 2009 and 2008:

	2009	2008
<b>Governmental Activities:</b>		
Capital Leases Payable	\$91,160	\$119,946
Compensated Absences	1,289,375	1,545,033
<b>Totals</b>	<b>\$1,380,535</b>	<b>\$1,664,979</b>

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, 2009, 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 2009 the District received approximately 37.0% of its revenues from local property taxes and 63% from the state foundation program. The District last passed a five year emergency operating levy in November of 2008. 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 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 these local challenges, another challenge facing the District is the future of state funding.

The District has been approved for funding from the Ohio School Facilities Commission. Current planning is to place a bond issue on the ballot in May 2010 in order to replace District elementary schools.

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.

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## *COSHOCTON CITY SCHOOL DISTRICT, OHIO*

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### *Statement of Net Assets* *June 30, 2009*

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	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash and Cash Equivalents	\$ 3,820,183
Receivables:	
Taxes	5,319,351
Accounts	1,365
Intergovernmental	243,323
Interest	126
Inventory of Supplies at Cost	10,465
Prepaid Items	34,314
Restricted Assets:	
Cash and Cash Equivalents	807,745
Non-Depreciable Capital Assets	466,205
Depreciable Capital Assets, Net	3,679,016
<b>Total Assets</b>	<b>14,382,093</b>
<b>Liabilities:</b>	
Accounts Payable	102,877
Accrued Wages and Benefits	1,169,896
Intergovernmental Payable	428,330
Claims Payable	157,468
Unearned Revenue - Taxes	4,876,464
Long Term Liabilities:	
Due Within One Year	88,308
Due in More Than One Year	1,292,227
<b>Total Liabilities</b>	<b>8,115,570</b>
<b>Net Assets:</b>	
Invested in Capital Assets, Net of Related Debt	4,054,061
Restricted For:	
Capital Projects	154,041
Debt Service	5,949
Other Purposes	113,952
Unrestricted	1,938,520
<b>Total Net Assets</b>	<b>\$ 6,266,523</b>

See accompanying notes to the basic financial statements

## COSHOCTON CITY SCHOOL DISTRICT, OHIO

### Statement of Activities For the Fiscal Year Ended June 30, 2009

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Governmental Activities
<b>Governmental Activities:</b>					
Instruction	\$ 10,038,315	\$ 899,110	\$ 1,448,313	\$ 0	\$ (7,690,892)
Support Services:					
Pupils	612,459	0	68,137	0	(544,322)
Instructional Staff	791,665	0	297,439	0	(494,226)
Board of Education	2,054	0	0	0	(2,054)
Administration	1,230,325	0	6,251	0	(1,224,074)
Fiscal Services	388,534	0	0	0	(388,534)
Business	177,166	0	0	0	(177,166)
Operation and Maintenance of Plant	1,656,227	0	16,276	0	(1,639,951)
Pupil Transportation	272,653	0	0	14,108	(258,545)
Central	23,427	0	0	0	(23,427)
Operation of Non-Instructional:					
Food Service Operations	778,234	268,762	536,495	0	27,023
Community Services	75,112	0	37,837	0	(37,275)
Extracurricular Activities	384,604	190,971	0	0	(193,633)
<b>Total Governmental Activities</b>	<u>\$ 16,430,775</u>	<u>\$ 1,358,843</u>	<u>\$ 2,410,748</u>	<u>\$ 14,108</u>	<u>(12,647,076)</u>
<b>General Revenues</b>					
Property Taxes Levied for:					
General Purposes					
					4,456,350
Capital Outlay					
					181,749
Intergovernmental, Unrestricted					
					9,416,205
Investment Earnings					
					193,911
Miscellaneous					
					144,689
<b>Total General Revenues</b>					
					<u>14,392,904</u>
Change in Net Assets					
					1,745,828
Net Assets Beginning of Year - Restated					
					4,520,695
Net Assets End of Year					
					<u>\$ 6,266,523</u>

See accompanying notes to the basic financial statements

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

***Balance Sheet  
Governmental Funds  
June 30, 2009***

	General	Other Governmental Funds	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 150,998	\$ 461,870	\$ 612,868
Receivables:			
Taxes	5,145,481	173,870	5,319,351
Accounts	1,065	300	1,365
Intergovernmental	0	243,323	243,323
Interest	126	0	126
Interfund Loan Receivable	50,682	0	50,682
Supplies Inventory	0	10,465	10,465
Prepaid Items	34,314	0	34,314
Restricted Assets:			
Cash and Cash Equivalents	807,745	0	807,745
<b>Total Assets</b>	<u><u>\$ 6,190,411</u></u>	<u><u>\$ 889,828</u></u>	<u><u>\$ 7,080,239</u></u>
<b>Liabilities:</b>			
Accounts Payable	\$ 32,296	\$ 70,581	\$ 102,877
Accrued Wages and Benefits	1,016,381	153,515	1,169,896
Intergovernmental Payable	353,813	74,517	428,330
Interfund Loans Payable	0	50,682	50,682
Deferred Revenue - Taxes	5,025,797	173,870	5,199,667
Deferred Revenue	0	229,836	229,836
<b>Total Liabilities</b>	<u><u>6,428,287</u></u>	<u><u>753,001</u></u>	<u><u>7,181,288</u></u>
<b>Fund Balance:</b>			
Reserved for Encumbrances	235,546	72,277	307,823
Reserved for Prepaid Items	34,314	0	34,314
Reserved for Supplies Inventory	0	10,465	10,465
Reserved for Debt Service	0	5,949	5,949
Reserved for Property Taxes	119,684	0	119,684
Reserved for Textbooks	575,598	0	575,598
Reserved for Capital Acquisition	232,147	0	232,147
Unreserved, Undesignated in:			
General Fund (Deficit)	(1,435,165)	0	(1,435,165)
Special Revenue Funds (Deficit)	0	(46,394)	(46,394)
Capital Projects Funds	0	94,530	94,530
<b>Total Fund Balance</b>	<u><u>(237,876)</u></u>	<u><u>136,827</u></u>	<u><u>(101,049)</u></u>
<b>Total Liabilities and Funds Balance</b>	<u><u>\$ 6,190,411</u></u>	<u><u>\$ 889,828</u></u>	<u><u>\$ 7,080,239</u></u>

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, 2009***

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<b>Total Governmental Fund Balances</b>	\$ (101,049)
<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	4,145,221
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	553,039
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.	3,049,847
Long-term liabilities, including compensated absences and leases payable are not due and payable in the current period and therefore are not reported in the funds.	<u>(1,380,535)</u>
<b><i>Net Assets of Governmental Activities</i></b>	<b><u><u>\$ 6,266,523</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, 2009***

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Local Sources:			
Taxes	\$ 4,401,218	\$ 181,854	\$ 4,583,072
Tuition	845,261	1,454	846,715
Investment Earnings	176,864	1,359	178,223
Extracurricular Activities	0	190,971	190,971
Food Services	0	268,762	268,762
Class Materials and Fees	25,859	26,536	52,395
Intergovernmental - State	9,430,067	838,691	10,268,758
Intergovernmental - Federal	0	1,352,991	1,352,991
All Other Revenue	11,614	133,075	144,689
<b>Total Revenue</b>	<b>14,890,883</b>	<b>2,995,693</b>	<b>17,886,576</b>
<b>Expenditures:</b>			
Current:			
Instruction	8,971,875	1,348,314	10,320,189
Supporting Services:			
Pupils	595,195	64,087	659,282
Instructional Staff	401,881	407,580	809,461
Board of Education	2,054	0	2,054
Administration	1,268,281	46,659	1,314,940
Fiscal Services	396,369	6,210	402,579
Business	177,166	0	177,166
Operation and Maintenance of Plant	1,565,202	9,719	1,574,921
Pupil Transportation	284,830	0	284,830
Central	0	23,427	23,427
Operation of Non-Instructional:			
Food Service Operations	0	786,653	786,653
Community Services	14,295	61,214	75,509
Extracurricular Activities	198,818	185,786	384,604
Capital Outlay	0	230,641	230,641
<b>Total Expenditures</b>	<b>13,875,966</b>	<b>3,170,290</b>	<b>17,046,256</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,014,917	(174,597)	840,320

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

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	General	Other Governmental Funds	Total Governmental Funds
<b>Other Financing Sources (Uses):</b>			
Transfers In	240	0	240
Transfers Out	0	(240)	(240)
<b>Total Other Financing Sources (Uses)</b>	240	(240)	0
Net Change in Fund Balance	1,015,157	(174,837)	840,320
<b>Fund Balance (Deficit) at Beginning of Year - Restated</b>	(1,253,033)	312,927	(940,106)
Decrease in Inventory Reserve	0	(1,263)	(1,263)
<b>Fund Balance (Deficit) End of Year</b>	\$ (237,876)	\$ 136,827	\$ (101,049)

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, 2009***

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**Net Change in Fund Balances - Total Governmental Funds** \$ 840,320

***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. (172,828)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 274,339

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.

Capital Lease Retirement 28,786

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.

Decrease in Compensated Absences Payable 255,658  
Decrease in Supplies Inventory (1,263) 254,395

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. 520,816

***Change in Net Assets of Governmental Activities*** \$ 1,745,828

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, 2009***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive Negative (Negative)
<b>Revenues:</b>				
Local Sources:				
Taxes	\$ 5,072,319	\$ 5,336,149	\$ 4,403,660	\$ (932,489)
Tuition	803,469	845,261	845,261	0
Investment Earnings	155,074	163,140	176,920	13,780
Class Material and Fees	21,364	22,475	25,859	3,384
Intergovernmental - State	8,881,842	9,343,821	9,431,137	87,316
All Other Revenues	10,481	11,026	11,649	623
Total Revenues	<u>14,944,549</u>	<u>15,721,872</u>	<u>14,894,486</u>	<u>(827,386)</u>
<b>Expenditures:</b>				
Current:				
Instruction	9,618,274	9,221,668	9,105,545	116,123
Support Services:				
Pupils	626,561	600,725	596,223	4,502
Instructional Staff	447,313	428,868	428,031	837
Board of Education	11,411	10,940	8,031	2,909
Administration	1,339,025	1,283,811	1,283,171	640
Fiscal Services	432,060	414,244	409,997	4,247
Business	265,420	254,475	251,576	2,899
Operation and Maintenance of Plant	1,778,217	1,704,893	1,647,745	57,148
Pupil Transportation	319,703	306,520	304,785	1,735
Community Services	13,190	12,646	11,975	671
Extracurricular Activities	215,344	206,464	201,249	5,215
Total Expenditures	<u>15,066,518</u>	<u>14,445,254</u>	<u>14,248,328</u>	<u>196,926</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(121,969)	1,276,618	646,158	(630,460)
<b>Other Financing Sources (Uses):</b>				
Transfers In	0	240	240	0
Advances Out	(25,000)	0	0	0
Total Other Financing Sources (Uses):	<u>(25,000)</u>	<u>240</u>	<u>240</u>	<u>0</u>
Net Change in Fund Balance	(146,969)	1,276,858	646,398	(630,460)
Fund Balance at Beginning of Year	(5,023)	(5,023)	(5,023)	0
Prior Year Encumbrances	25,333	25,333	25,333	0
Fund Balance at End of Year	<u>\$ (126,659)</u>	<u>\$ 1,297,168</u>	<u>\$ 666,708</u>	<u>\$ (630,460)</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, 2009***

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	Governmental Activities - Internal Service Funds
<b>Assets:</b>	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$ 3,207,315
<b>Total Assets</b>	<u>3,207,315</u>
<b>Liabilities:</b>	
<i>Current Liabilities:</i>	
Claims Payable	<u>157,468</u>
<b>Total Liabilities</b>	<u>157,468</u>
<b>Net Assets:</b>	
Unrestricted	<u>3,049,847</u>
<b>Total Net Assets</b>	<u><u>\$ 3,049,847</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, 2009***

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	Governmental Activities - Internal Service Funds
<b>Operating Revenues:</b>	
Other Operating Revenue	\$ 2,552,265
<b>Total Operating Revenues</b>	<u>2,552,265</u>
<b>Operating Expenses:</b>	
Contractual Services	2,044,268
Supplies and Materials	2,869
<b>Total Operating Expenses</b>	<u>2,047,137</u>
Operating Income (Loss)	505,128
<b>Nonoperating Revenues (Expenses):</b>	
Investment Earnings	15,688
<b>Total Nonoperating Revenues (Expenses)</b>	<u>15,688</u>
Change in Net Assets	520,816
Net Assets Beginning of Year	2,529,031
Net Assets End of Year	<u>\$ 3,049,847</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, 2009***

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	<u>Governmental Activities - Internal Service Funds</u>
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Interfund Charges	\$2,552,265
Cash Payments to Employees for Services and Benefits	<u>(2,067,717)</u>
Net Cash Provided by Operating Activities	<u>484,548</u>
<u>Cash Flows from Investing Activities:</u>	
Receipts of Interest	<u>15,688</u>
Net Cash Provided by Investing Activities	<u>15,688</u>
Net Increase in Cash and Cash Equivalents	500,236
Cash and Cash Equivalents at Beginning of Year	<u>2,707,079</u>
Cash and Cash Equivalents at End of Year	<u><u>\$3,207,315</u></u>
<u>Reconciliation of Operating Income to Net Cash     Provided by Operating Activities:</u>	
Operating Income	\$505,128
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Decrease in Claims Payable	<u>(20,580)</u>
Total Adjustments	<u>(20,580)</u>
Net Cash Provided by Operating Activities	<u><u>\$484,548</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, 2009**

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	Private Purpose Trust	Agency Fund	
	Private Purpose Trust	Student Activity Fund	Total
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 29,683	\$ 48,657	\$ 78,340
Receivables:			
Interest	106	0	106
Restricted Assets:			
Investments	302,772	0	302,772
<b>Total Assets</b>	<u>332,561</u>	<u>48,657</u>	<u>381,218</u>
<b>Liabilities:</b>			
Due to Students	0	48,657	48,657
<b>Total Liabilities</b>	<u>0</u>	<u>48,657</u>	<u>48,657</u>
<b>Net Assets:</b>			
Unrestricted	332,561	0	332,561
<b>Total Net Assets</b>	<u>\$ 332,561</u>	<u>\$ 0</u>	<u>\$ 332,561</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, 2009***

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	Private Purpose Trust
	<u>Private Purpose Trust</u>
<b>Additions:</b>	
Contributions:	
Private Donations	\$ 4,311
Total Contributions	<u>4,311</u>
Investment Earnings:	
Interest	830
Net Decrease in the Fair Value of Investments	<u>(43,486)</u>
Total Investment Earnings	<u>(42,656)</u>
Total Additions	<u>(38,345)</u>
<b>Deductions:</b>	
Community Gifts, Awards and Scholarships	<u>22,762</u>
Total Deductions	<u>22,762</u>
Change in Net Assets	(61,107)
Net Assets at Beginning of Year - Restated	<u>393,668</u>
Net Assets End of Year	<u><u>\$ 332,561</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, 2009***

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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 85 noncertified and approximately 151 certified teaching personnel and administrative employees providing education to 1,804 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 five 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, Coshocton County Tax Incentive Review Council, and the Educational Regional Service System. These organizations are presented in Notes 13 and 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, 2009***

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#### **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** - 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. The District's internal service fund accounts for premiums and costs associated with a dental and prescription drug self insurance program.

***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 funds are private purpose trusts that account 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 District's agency fund accounts for various student-managed activity programs. 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, 2009***

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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, 2009***

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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, 2009, but which are not intended to finance fiscal 2009 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, 2009 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 funds 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. The District has elected not to apply FASB statements and interpretations issued after November 30, 1989 to its business-type activities.

***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, 2009***

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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, 2009***

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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 first and final amended official certificate of estimated resources issued during fiscal year 2009.

##### **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, 2009***

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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)	\$1,015,157
Increase (Decrease):	
Accrued Revenues at June 30, 2009, received during FY 2010	(171,557)
Accrued Revenues at June 30, 2008, received during FY 2009	175,163
Accrued Expenditures at June 30, 2009, paid during FY 2010	1,402,490
Accrued Expenditures at June 30, 2008, paid during FY 2009	(1,483,209)
FY 2008 Prepays for FY 2009	34,706
FY 2009 Prepays for FY 2010	(34,314)
Encumbrances Outstanding	<u>(292,038)</u>
Budget Basis	<u><u>\$646,398</u></u>

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

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2009***

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

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

During fiscal year 2009, 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 2009. 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, 2009.

#### **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 30,2009*

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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

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2009

### 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>
Capital Leases	General Fund
Compensated Absences	General Fund, Food Services Fund, Disadvantaged Pupil Impact Aid Fund, Public Preschool Program 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 54 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." For governmental funds, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. 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, 2009***

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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, 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, 2009, 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, 2009***

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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 interfund charges for the internal service fund self insurance program. 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 2009.

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

**Fund Deficits** - The fund deficits at June 30, 2009 of \$237,876 in the General Fund, \$78,294 in the Food Service Fund, \$10,221 in the Alternative School Grant Fund, \$211 in the Entry Year Program Fund, \$16,996 in the Poverty Based Assistance Fund, \$2,621 in the Parent Mentor Grant Fund, \$41,099 in the Title VI-B Fund, \$17,410 in the Chapter I Fund, and \$5,368 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.

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

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30,2009***

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

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:

- 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).

**COSHOCTON CITY SCHOOL DISTRICT, OHIO**

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009**

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

**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.

At year end the carrying amount of the District's deposits was \$4,152,767 and the bank balance was \$4,478,211. Federal depository insurance covered \$381,905 of the bank balance and \$4,096,306 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	\$4,096,306
Total Balance	\$4,096,306

**B. Investments**

The District's investments at June 30, 2009 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in Years)		
			less than 1	1-3	3-5
Repurchase Agreements	\$161,657	N/A	\$161,657	\$0	\$0
STAR Ohio	448,844	AAAm <sup>1</sup>	448,844	0	0
Mutual Funds/Stock	245,772	N/A	245,772	0	0
Total Investments	\$856,273		\$856,273	\$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.

# COSHOCTON CITY SCHOOL DISTRICT, OHIO

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2009

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

#### B. Investments (Continued)

*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.

#### 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.

	Cash and Cash Equivalents	Investments
Per Financial Statements	\$4,706,268	\$302,772
Certificates of Deposit		
(with maturities of more than 3 months)	57,000	(57,000)
Repurchase Agreements	(161,657)	161,657
STAR Ohio	(448,844)	448,844
Per GASB Statement No. 3	<u>\$4,152,767</u>	<u>\$856,273</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 2009 were levied after April 1, 2008 on assessed values as of January 1, 2008, 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.

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

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2009***

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#### **NOTE 4 - PROPERTY TAXES (Continued)**

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. In prior years, tangible personal property used in business (except for public utilities) was assessed for ad valorem taxation purposes at 25 percent of its true value. As part of a phase out of the personal property tax, the assessment percentage for personal property was reduced to zero in 2009. 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.

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 2009, upon which the 2008 levies were based, were as follows:

	2008 Second Half Collections	2009 First Half Collections
Agricultural/Residential and Other Real Estate	\$162,094,760	\$161,767,590
Public Utility Personal	13,000	12,760
Tangible Personal Property	6,255,390	6,356,860
Total Assessed Value	<u>\$168,363,150</u>	<u>\$168,137,210</u>
Tax rate per \$1,000 of assessed valuation	\$51.35	\$56.70

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

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***Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009***

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**NOTE 5 - RECEIVABLES**

Receivables at June 30, 2009 consisted of taxes, accounts, intergovernmental and interest receivables.

**NOTE 6 - INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS**

Following is a summary of interfund receivables/payables for all funds at June 30, 2009:

	<u>Interfund Loan Receivable</u>	<u>Interfund Loan Payable</u>
General Fund	\$50,682	\$0
Other Governmental Funds	<u>0</u>	<u>50,682</u>
Totals	<u><u>\$50,682</u></u>	<u><u>\$50,682</u></u>

The above interfund balance will be repaid in fiscal year 2010 or changed to a transfer.

Following is a summary of transfers in and out for all funds for the fiscal year 2009:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$240	\$0
Other Governmental Funds	<u>0</u>	<u>240</u>
Total All Funds	<u><u>\$240</u></u>	<u><u>\$240</u></u>

Transfers are used to move revenues from the funds that statute or budget requires to collect them to the funds that statute or budget requires to expend them; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; to return money to the fund from which it was originally provided once a project is completed; and to transfer capital assets.

**COSHOCTON CITY SCHOOL DISTRICT, OHIO**

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009**

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**NOTE 7 - CAPITAL ASSETS**

**Governmental Activities Capital Assets**

Summary by category of changes in governmental activities capital assets at June 30, 2009:

**Historical Cost:**

Class	June 30, 2008	Additions	Deletions	June 30, 2009
<b>Capital assets not being depreciated:</b>				
Land	\$466,205	\$0	\$0	\$466,205
<b>Capital assets being depreciated:</b>				
Land Improvements	89,337	0	0	89,337
Buildings and Improvements	9,564,544	66,933	0	9,631,477
Machinery and Equipment	3,455,936	40,068	(44,022)	3,451,982
Vehicles	465,993	0	0	465,993
Total Cost	<u>\$14,042,015</u>	<u>\$107,001</u>	<u>(\$44,022)</u>	<u>\$14,104,994</u>

**Accumulated Depreciation:**

Class	June 30, 2008	Additions	Deletions	June 30, 2009
Land Improvements	(\$11,292)	(\$5,203)	\$0	(\$16,495)
Buildings and Improvements	(6,513,182)	(179,366)	0	(6,692,548)
Machinery and Equipment	(2,789,926)	(95,161)	44,022	(2,841,065)
Vehicles	(409,566)	(99)	0	(409,665)
Total Depreciation	<u>(\$9,723,966)</u>	<u>(\$279,829) *</u>	<u>\$44,022</u>	<u>(\$9,959,773)</u>
<b>Net Value:</b>	<u>\$4,318,049</u>			<u>\$4,145,221</u>

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

Instruction	\$138,846
Support Services:	
Pupils	8,020
Administration	3,896
Fiscal Services	1,450
Operations & Maintenance of Plant	114,172
Transportation	302
Operation of Non-Instructional	
Food Service Operations	13,143
Total Depreciation Expense	<u>\$279,829</u>

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

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2009***

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#### **NOTE 8 - 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 Employee Retirement System**

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS 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 Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. 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.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$179,779, \$172,810 and \$221,143 respectively, which were equal to the required contributions for each year.

##### **B. State Teachers Retirement System**

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor.

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

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2009***

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#### **NOTE 8 - DEFINED BENEFIT PENSION PLANS (Continued)**

##### **B. State Teachers Retirement System** (Continued)

The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the 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. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2008 (the latest information available), the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 were \$1,009,209, \$995,191, and \$1,132,939 respectively; which were equal to the required contributions for each year. Contributions to the DC and Combined Plans for fiscal year 2009 were \$8,622 made by the District and \$16,797 made by the plan members.

##### **C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2009, two members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

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

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2009***

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#### **NOTE 9 - POSTEMPLOYMENT BENEFITS**

##### **A. School Employee Retirement System**

Plan Description – The District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, this amount was \$35,800.

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

The District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$116,094, \$104,940, and \$111,688 respectively; which were equal to the required contributions for each year.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2009, this actuarially required allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$14,833, \$12,451, and \$15,038 respectively; which were equal to the required contributions for each year.

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

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***Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009***

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**NOTE 9 - POSTEMPLOYMENT BENEFITS (Continued)**

**B. State Teachers Retirement System**

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District’s contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$66,481, \$76,553, and \$77,631 respectively; which were equal to the required contributions for each year.

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

Detail of the changes in the capital leases and compensated absences of the District for the year ended June 30, 2009 is as follows:

	Balance			Balance	Amount Due
	June 30, 2008	Additions	Deductions	June 30, 2009	Within One Year
<b>Governmental Activities:</b>					
Capital Leases Payable	\$119,946	\$0	(\$28,786)	\$91,160	\$32,782
Compensated Absences	1,545,033	543,334	(798,992)	1,289,375	55,526
Total Governmental Activities	<u>\$1,664,979</u>	<u>\$543,334</u>	<u>(\$827,778)</u>	<u>\$1,380,535</u>	<u>\$88,308</u>

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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, 2009***

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**NOTE 11 - CAPITALIZED LEASES**

The District leases several copiers and network machines 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 original cost of the assets under capital lease was \$157,560.

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, 2009:

Year Ending June 30,	Capital Leases
2010	\$41,221
2011	36,170
2012	19,501
Minimum Lease Payments	96,892
Less: Amount representing interest at the District's incremental borrowing rate of interest	(5,732)
Present Value of minimum lease payments	\$91,160

**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, 2009, the reserve activity (cash-basis) was as follows:

	Textbook Reserve	Capital Acquisition Reserve	Total
Set-aside Cash Balance as of June 30, 2008	\$421,866	\$128,313	\$550,179
Current Year Set-Aside Requirement	291,992	291,992	583,984
Qualifying Disbursements	(138,260)	(188,158)	(326,418)
Total	575,598	232,147	807,745
Cash Balance Carried Forward to FY 2010	\$575,598	\$232,147	807,745
Amount Restricted			\$807,745

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

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2009***

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

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

*Sheakley Uniserve 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. Each year, the participating school districts pay an enrollment fee to the WCGRP to cover the costs of administering the program.

##### **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 2009 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, \$20,000 for classified employees working 25 hours or less per week, and \$25,000 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 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, 2009, for the dental and prescription self-insurance programs amounted to \$157,468.

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

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2009***

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

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

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

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

The claims liability of \$157,468 reported in the fund at June 30, 2009 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 2009 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>
2008	\$ 189,368	\$ 2,126,014	\$ (2,137,334)	\$ 178,048
2009	178,048	2,044,268	(2,064,848)	157,468

#### **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 2009, 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, 2009***

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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, 2009***

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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.

##### **E. Educational Regional Service System Region 12**

The School District participates in the Educational Regional Service System (ERSS) Region 12, a jointly governed organization consisting of educational entities within Belmont, Carroll, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Noble, and Tuscarawas counties. The purpose of the ERSS is to provide support services to school districts, community schools, and chartered nonpublic schools within the region by supporting State and school initiatives and efforts to improve school effectiveness and student achievement with a specific reference to the provision of special education and related services. The ERSS is governed by an advisory council, which is the policymaking body for the educational entities within the region, who identifies regional needs and priorities for educational services and develops corresponding policies to coordinate the delivery of services. They are also charged with the responsibility of monitoring the implementation of State and regional initiatives and school improvement efforts. The Advisory Council is made up of the director of the ERSS, the superintendent of each educational service center within the region, the superintendent of the region's largest and smallest school district, the director and an employee from each education technology center, one representative of a four-year institution of higher education and appointed by the Ohio Board of Regents, one representative of a two-year institution of higher education and appointed by the Ohio Association of Community Colleges, three board of education members (one each from a city, exempted village, and local school district within the region), and one business representative. The degree of control exercised by any participating educational entity is limited to its representation on the Advisory Council. Financial information can be obtained from the Muskingum Valley Educational Service Center, 205 North Seventh Avenue, Zanesville, Ohio, 43701.

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

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

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2009***

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#### **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, 2009.

##### **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, 2009.

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

Certain adjustments were necessary to account for the reclassification of the private purpose fund balance. As a result of the restatement, the private purpose trust funds beginning balance decreased \$28,269 to \$393,668 and the governmental funds beginning balance increased \$28,269 to a deficit of \$940,106. The District's Governmental Activities net assets at June 30, 2008 increased \$28,269 to a restated amount of \$4,520,695.

**Coshocton City School District**  
**Coshocton County**  
Schedule of Federal Awards Expenditures  
For The Fiscal Year Ended June 30, 2009

Federal Grantor/Pass Through Grantor Program Title	CFDA Number	Pass-Through Entity Number	Federal Receipts	Federal Disbursements
<b><u>U.S. DEPARTMENT OF EDUCATION:</u></b>				
Pass through Ohio Department of Education				
Title 1	84.010	CI-SI-08	\$ -	\$ 19,213
Title 1	84.010	CI-SI-09	275,652	255,006
<b>Total Title 1</b>			<u>275,652</u>	<u>274,219</u>
Special Education Cluster:				
Preschool Grant	84.173	6B-SA-08	22,564	17,211
Preschool Grant	84.173	6B-SA-09	-	3,566
Special Education Preschool Grants	84.173	N/A	3,000	3,000
Idea A-B	84.027	6B-SD-08	1,579	91,689
Access Grant "Close-Gap"	84.027	6B-SA-09	402,054	380,239
<b>Total Special Education Cluster</b>			<u>429,197</u>	<u>495,705</u>
Drug Free School	84.186	DR-SI-08	-	5,339
Drug Free School	84.186	DR-SI-09	4,877	4,830
<b>Total Drug Free School</b>			<u>4,877</u>	<u>10,169</u>
Title V Innovative Programs	84.298	C2-SI-08	151	151
Title V Innovative Programs	84.298	C2-SI-09	363	363
<b>Total Title V</b>			<u>514</u>	<u>514</u>
Title IV Education Technology	84.318	N/A	-	(2,399)
<b>Total Title IV</b>			<u>-</u>	<u>(2,399)</u>
Class Size Reduction	84.340	N/A	86,489	80,816
<b>Total Class Size Reduction</b>			<u>86,489</u>	<u>80,816</u>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			796,729	859,024
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u></b>				
Disaster Assistance Projects	97.088	N/A	3,634	3,634
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>			3,634	3,634
<b><u>U.S. DEPARTMENT OF AGRICULTURE:</u></b>				
Nutrition Cluster:				
Direct Program	10.555	N/A	21,914	23,708
National School Lunch Program - See Note 2 Passed through Ohio Department of Education				
School Breakfast Program	10.553	05PU-08/09	87,962	87,962
National School Lunch Program	10.555	LLP4-08/09	396,159	396,159
<b>Total Nutrition Cluster</b>			<u>506,035</u>	<u>507,829</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<u>506,035</u>	<u>507,829</u>
<b>TOTAL FEDERAL ASSISTANCE</b>			<u>\$ 1,306,398</u>	<u>\$ 1,370,487</u>

See notes to the Schedule of Federal Awards Expenditures

**COSHOCTON CITY SCHOOL DISTRICT  
COSHOCTON COUNTY**

Notes to the Schedule of Federal Awards Expenditures  
For the Year Ended June 30, 2009

1. 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. Consequently, certain expenditures are recognized when received rather than when earned, and certain expenditures are recognized when paid rather than when the obligation is incurred.

2. Food Distribution

Nonmonetary assistance is reported in the schedule at fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2009, the District had commodities in inventory recorded in the Food Service Fund.

Rockefeller Building  
614 W Superior Ave Ste 1242  
Cleveland OH 44113-1306  
Office phone - (216) 575-1630  
Fax - (216) 436-2411

***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Coshocton City School District  
Coshocton County  
1207 Cambridge Road  
Coshocton, Ohio 43812

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Coshocton City School District, Coshocton County, Ohio (the District) as of and for the year ended June 30, 2009, which collectively comprise the District's financial statements and have issued our report thereon dated December 30, 2009. 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 Controls Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters, 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings and Questioned Costs as item 2009-CCSDCC-001.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management, the Board of Education, the audit committee, 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.

***Charles E. Harris and Associates, Inc.***  
December 30, 2009

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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

Coshocton City School District  
Coshocton County  
1207 Cambridge Road  
Coshocton, Ohio 43812

To the Board of Education:

Compliance

We have audited the compliance of the Coshocton City School District, Coshocton County (District), with the types of compliance requirements described in *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, 2009. The District's major federal program is 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 its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the 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 program occurred. An audit includes examining, on a test basis, evidence about the 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 the District's compliance with those requirements.

In our opinion, the 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, 2009.

Internal Control Over Compliance

The management of the 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 the 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, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A control deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a likelihood that the District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of the internal control over compliance was for limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

***Charles E. Harris & Associates, Inc.***

December 30, 2009

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 SECTION .505**

**COSHOCTON CITY SCHOOL DISTRICT  
COSHOCTON COUNTY  
June 30, 2009**

**1. SUMMARY OF AUDITOR'S RESULTS**

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unqualified
(d)(1)(ii)	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(ii)	<i>Were there any other significant deficiencies reported at the the financial statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	Yes
(d)(1)(iv)	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any other significant deficiencies reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
(d)(1)(vi)	<i>Are there any reportable findings under Section .510</i>	No
(d)(1)(vii)	<i>Major Programs:</i>	Title I CFDA# 84.010 Nutrition Cluster: CFDA# 10.555 CFDA# 10.553
(d)(1)(viii)	<i>Dollar Threshold: Type A\B Programs</i>	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	<i>Low Risk Auditee?</i>	Yes

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – (continued)**  
**OMB CIRCULAR A-133 SECTION .505**

**COSHOCTON CITY SCHOOL DISTRICT**  
**COSHOCTON COUNTY**  
**JUNE 30, 2009**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS**  
**REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2009-CCSDCC-001**  
**MATERIAL NONCOMPLIANCE**

When a Board of Education determines to build, repair, enlarge, improve or demolish any school building with a cost in excess of \$25,000, the Board is required to:

- **Per ORC Section 3313.46(A)(1)** prepare plans and specifications; and
- **Per ORC Section 3313.46(A)(2)** advertise for bids once a week for at least two consecutive weeks in a newspaper of general circulation in the district prior to the date specified by the Board receiving bids; and
- **Per ORC Section 3313.46(A)(3)** open the bids at the time and place specified by the Board in the advertisement for the bids.

**Per ORC Section 3313.46(A)(6)** the award of the contract is to the lowest responsible bidder.

During fiscal year 2009 the Board awarded two construction contracts in excess of \$25,000 that were not bid per the above requirements.

We recommend that the Board review the Ohio Revised Code requirements for awarding construction contracts and implement the requirements.

**Official's Response:**

We will review the Ohio Revised Code requirements and implement in future projects.

**COSHOCTON CITY SCHOOL DISTRICT  
COSHOCTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
June 30, 2009**

FINDING NUMBER	FUNDING SUMMARY	FULLY CORRECTED?	Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2008-CCSDCC-001	The School recorded health claims incurred in fiscal year 2009 as a fiscal year 2008 accrual.	Yes	School properly recorded health claims for fiscal year 2009.

INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED-UPON PROCEDURES

Coshocton City School District  
Coshocton County  
1207 Cambridge Road  
Coshocton, Ohio 43812

To the Board of Education:

Ohio Revised Code Section 117.53 states “the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Ohio Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of the any anti-harassment policy adopted by a school district or community school.”

Accordingly, we have performed the procedures enumerated below, which we agreed to by the Board, solely to assist the Board in evaluating whether the Coshocton City School District has adopted an anti-harassment policy in accordance with Ohio Revised Code Section 3313.666. Management is responsible for complying with this requirement. The agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any purpose.

1. We noted that the Board revised its anti-harassment policy at its meeting on January 28, 2008.
2. We read the policy, noting it included the following requirements for Ohio Revised Code Section 3313.666 (B):
  - (1) A statement prohibiting harassment, intimidation, or bullying of any students on school property or at school-sponsored events;
  - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Revised Code Section 3313.666;
  - (3) A procedure for reporting prohibited incidents;
  - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;

- (5) A requirement that parents or guardians of any student involved in a prohibited incident to be notified and, to the extent permitted by section 3319.321 of the Revised Code and the “Family Educational Rights and Privacy Act of 1974,” 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
- (6) A procedure for documenting any prohibited incident that is reported;
- (7) A procedure for responding to and investigating any report incidents;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure from any student guilty of harassment, intimidation or bullying, which shall not infringe on any student’s rights under the first amendment to the Constitution of the United States;
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all report incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the “Family Educational Rights and Privacy Act of 1974,” 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.

***Charles E. Harris & Associates, Inc.***  
December 30, 2009





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  
MARCH 30, 2010