



Dave Yost • Auditor of State

**COSHOCTON CITY SCHOOL DISTRICT
COSHOCTON COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

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, the discretely presented component unit, 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, 2011, 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 opinions 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Coshocton City School District, Coshocton County, Ohio, as of June 30, 2011, and the respective changes in financial position, and where applicable, cash flows, thereof, 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.

As more fully discussed in Note 3 to the basic financial statements, the District has included the activity of the Coshocton Opportunity School, a discretely presented component unit. Net assets at June 30, 2010 have been restated as a result of the Coshocton Opportunity School being omitted in prior financial statements.

Also as more fully discussed in Note 3, during fiscal year 2011, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2012, 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 and 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 the 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.

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

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The Federal Awards Receipts and Expenditures Schedule provides additional information required by the 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. The Federal Awards Receipts and Expenditures Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This Schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

March 9, 2012

COSHOCTON CITY SCHOOL DISTRICT, OHIO

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011***

Unaudited

The discussion and analysis of Coshocton City School District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2011. 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 2011 are as follows:

- Net assets increased \$17,154,735 during fiscal year 2011. This increase resulted in net assets which were more than twice the amount reported in fiscal year 2010.
- General revenues accounted for \$13,794,375 in revenue or 38% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$22,475,883 or 62% of total revenues of \$36,270,258.
- The District had \$19,115,523 in expenses related to governmental activities; all expenses were offset by program specific charges for services, grants or contributions.
- Among major funds, the general fund had \$15,567,286 in revenues and \$15,480,805 in expenditures. The general fund's fund balance increased \$256,237 to an ending balance of \$811,732.

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

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011***

Unaudited

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

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011***

Unaudited

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 2011 compared to 2010.

	Governmental Activities	
	2011	2010
Current and other assets	\$37,675,416	\$11,418,729
Capital assets, Net	5,680,992	4,373,415
Total assets	43,356,408	15,792,144
Long-term debt outstanding	11,354,845	1,785,159
Other liabilities	7,672,280	6,832,437
Total liabilities	19,027,125	8,617,596
Net assets		
Invested in capital assets, net of related debt	5,543,934	4,201,584
Restricted	16,492,879	1,092,720
Unrestricted	2,292,470	1,880,244
Total net assets	\$24,329,283	\$7,174,548

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COSHOCTON CITY SCHOOL DISTRICT, OHIO

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011***

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for the fiscal year 2011 compared to fiscal 2010:

	Governmental Activities		Increase (Decrease)
	2011	2010	
Revenues			
Program Revenues:			
Charges for Services and Sales	\$1,582,113	\$1,310,283	\$271,830
Operating Grants and Contributions	4,761,212	2,956,496	1,804,716
Capital Grants and Contributions	16,132,558	0	16,132,558
Total Program Revenues	22,475,883	4,266,779	18,209,104
General Revenues:			
Property Taxes	4,937,768	5,269,596	(331,828)
Intergovernmental, Unrestricted	8,702,445	9,476,030	(773,585)
Other	154,162	276,341	(122,179)
Total General Revenues	13,794,375	15,021,967	(1,227,592)
Total Revenues	36,270,258	19,288,746	16,981,512
Program Expenses			
Instruction	11,794,325	11,556,403	237,922
Support Services:			
Pupils	803,454	698,885	104,569
Instructional Staff	821,641	807,865	13,776
Board of Education	34,194	0	34,194
Administration	1,406,312	1,463,096	(56,784)
Fiscal Services	434,377	421,881	12,496
Business	315,222	229,128	86,094
Operation and Maintenance of Plant	1,507,473	1,565,712	(58,239)
Pupil Transportation	44,743	334,297	(289,554)
Central	60,105	32,668	27,437
Operation of Non-Instructional:			
Food Service Operations	845,552	857,940	(12,388)
Community Services	74,358	50,768	23,590
Extracurricular Activities	405,947	362,078	43,869
Interest and Fiscal Charges	567,820	0	567,820
Total Expenses	19,115,523	18,380,721	734,802
Total Change in Net Assets	17,154,735	908,025	16,246,710
Beginning Net Assets	7,174,548	6,266,523	908,025
Ending Net Assets	\$24,329,283	\$7,174,548	\$17,154,735

Governmental Activities

Net assets of the District's governmental activities increased \$17,154,735. This increase can be attributed to Ohio School Facilities Commission grants received for the construction of a new elementary school building.

COSHOCTON CITY SCHOOL DISTRICT, OHIO

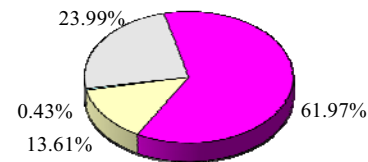
***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011***

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 14% of revenues for governmental activities for Coshocton City Schools in fiscal year 2011. The District's reliance upon tax revenues is demonstrated by the following graph:

Revenue Sources	2011	Percent of Total
General Grants	\$8,702,445	23.99%
Program Revenues	22,475,883	61.97%
General Tax Revenues	4,937,768	13.61%
General Other	154,162	0.43%
Total Revenue	<u>\$36,270,258</u>	<u>100.00%</u>



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

The District's governmental funds reported a combined fund balance of \$13,934,584, which is above last year's balance of \$803,758. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2011 and 2010.

	Fund Balance June 30, 2011	Restated Fund Balance June 30, 2010	Increase (Decrease)
General	\$811,732	\$555,495	\$256,237
Classroom Facilities	11,383,687	0	11,383,687
Other Governmental	1,739,165	248,263	1,490,902
Total	<u>\$13,934,584</u>	<u>\$803,758</u>	<u>\$13,130,826</u>

COSHOCTON CITY SCHOOL DISTRICT, OHIO

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011***

Unaudited

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

	2011	Restated 2010	Increase (Decrease)
	Revenues	Revenues	(Decrease)
Taxes	\$4,566,602	\$4,957,933	(\$391,331)
Tuition	987,149	828,163	158,986
Investment Earnings	8,266	118,340	(110,074)
Extracurricular Activities	41,642	46,928	(5,286)
Class Materials and Fees	26,337	43,769	(17,432)
Rent	122,918	0	122,918
Intergovernmental - State	9,794,598	9,488,579	306,019
All Other Revenue	19,774	19,920	(146)
Total	\$15,567,286	\$15,503,632	\$63,654

Overall, General Fund revenues remained stable in 2011, increasing less than 1% compared to revenues in fiscal year 2010. A decrease in property taxes available for advance contributed to the decrease in taxes while an increase in State foundation monies resulted in the increase in intergovernmental revenues.

	2011	Restated 2010	Increase (Decrease)
	Expenditures	Expenditures	(Decrease)
Instruction	\$10,088,306	\$9,671,908	\$416,398
Supporting Services:			
Pupils	562,861	423,633	139,228
Instructional Staff	497,391	471,226	26,165
Board of Education	34,194	0	34,194
Administration	1,365,640	1,393,591	(27,951)
Fiscal Services	420,845	422,223	(1,378)
Business	284,945	229,128	55,817
Operation and Maintenance of Plant	1,502,439	1,551,942	(49,503)
Pupil Transportation	314,750	426,089	(111,339)
Central	5,986	0	5,986
Community Services	12,101	9,141	2,960
Extracurricular Activities	200,131	195,880	4,251
Debt Service			
Interest and Fiscal Charges	191,216	0	191,216
Total	\$15,480,805	\$14,794,761	\$686,044

Expenditures increased \$686,044 or 5% compared to the prior year. The largest contributing factor was an increase in instruction, which can be attributed to increases in salaries and related benefits.

COSHOCTON CITY SCHOOL DISTRICT, OHIO

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011***

Unaudited

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 2011 the District amended its General Fund budget several times, none significant.

For the General Fund, original budgeted, final budgeted and actual budget basis revenues were not materially different. Actual expenditures were approximately 2% less than final budgeted amounts. The General Fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2011 the District had \$5,680,992 net of accumulated depreciation invested in land, construction in progress, buildings, improvements, machinery, equipment and vehicles. The following table shows fiscal year 2011 and 2010 balances:

	Governmental Activities		Increase (Decrease)
	2011	2010	
Land	\$686,524	\$540,284	\$146,240
Construction in Progress	974,011	0	974,011
Land Improvements	89,337	89,337	0
Buildings and Improvements	9,803,671	9,779,409	24,262
Machinery and Equipment	3,680,183	3,511,855	168,328
Vehicles	757,404	541,478	215,926
Less: Accumulated Depreciation	(10,310,138)	(10,088,948)	(221,190)
Totals	\$5,680,992	\$4,373,415	\$1,307,577

Additional information on the District's capital assets can be found in Note 9.

COSHOCTON CITY SCHOOL DISTRICT, OHIO

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011***

Unaudited

Debt

The following table summarizes the District's debt outstanding as of June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Governmental Activities:		
General Obligation Bond:		
School Construction	\$9,644,523	\$0
Capital Leases Payable	137,058	171,831
Compensated Absences	<u>1,573,264</u>	<u>1,613,328</u>
Totals	<u><u>\$11,354,845</u></u>	<u><u>\$1,785,159</u></u>

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 9% of the total assessed value of real and personal property. At June 30, 2011, the District's outstanding debt was below the legal limit. Additional information on the District's long-term debt can be found in Note 12.

ECONOMIC FACTORS

The Coshocton City School District relies upon local property taxes and state foundation to fund its General Fund operations. 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 in recent years 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. The District passed a bond issue 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.

COSHOCTON CITY SCHOOL DISTRICT, OHIO

Statement of Net Assets ***June 30, 2011***

	Governmental Activities	Component Unit Opportunity School
Assets:		
Cash and Cash Equivalents	\$ 19,673,044	\$ 287,722
Receivables:		
Taxes	5,831,092	0
Intergovernmental	12,136,494	5,502
Due from External Parties	1,000	0
Due from Component Unit	16,567	0
Inventory of Supplies at Cost	11,631	0
Prepaid Items	5,588	1,702
Non-Depreciable Capital Assets	1,660,535	0
Depreciable Capital Assets, Net	4,020,457	49,737
Total Assets	43,356,408	344,663
Liabilities:		
Accounts Payable	255,036	0
Accrued Wages and Benefits	1,327,426	0
Intergovernmental Payable	435,453	0
Contracts Payable	226,148	0
Claims Payable	148,054	0
Due to Primary Government	0	16,567
Unearned Revenue - Taxes	5,238,788	0
Accrued Interest Payable	41,375	0
Long Term Liabilities:		
Due Within One Year	414,934	0
Due in More Than One Year	10,939,911	0
Total Liabilities	19,027,125	16,567
Net Assets:		
Invested in Capital Assets, Net of Related Debt	5,543,934	49,737
Restricted For:		
Capital Projects	15,326,647	0
Debt Service	104,596	0
Other Purposes	1,061,636	47,666
Unrestricted	2,292,470	230,693
Total Net Assets	\$ 24,329,283	\$ 328,096

See accompanying notes to the basic financial statements

COSHOCTON CITY SCHOOL DISTRICT, OHIO

Statement of Activities
For the Fiscal Year Ended June 30, 2011

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction	\$ 11,794,325	\$ 1,013,486	\$ 3,264,924	\$ 16,132,558
Support Services:				
Pupils	803,454	0	257,796	0
Instructional Staff	821,641	0	286,683	0
Board of Education	34,194	0	0	0
Administration	1,406,312	0	58,835	0
Fiscal Services	434,377	0	0	0
Business	315,222	0	0	0
Operation and Maintenance of Plant	1,507,473	122,918	9,100	0
Pupil Transportation	44,743	0	0	0
Central	60,105	0	38,150	0
Operation of Non-Instructional:				
Food Service Operations	845,552	263,861	598,307	0
Community Services	74,358	0	48,834	0
Extracurricular Activities	405,947	181,848	0	0
Interest and Fiscal Charges	567,820	0	198,583	0
Total Primary Government	<u>\$ 19,115,523</u>	<u>\$ 1,582,113</u>	<u>\$ 4,761,212</u>	<u>\$ 16,132,558</u>
Component Unit:				
Opportunity School	<u>\$ 576,457</u>	<u>\$ 570</u>	<u>\$ 100,082</u>	<u>\$ 0</u>

General Revenues

Property Taxes Levied for:

 General Purposes

 Debt Service

 Capital Outlay

Intergovernmental, Unrestricted

Investment Earnings

Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

COSHOCTON CITY SCHOOL DISTRICT, OHIO

Net (Expense)	
Revenue and	
Changes in	Component
Net Assets	Unit
Governmental	Opportunity
Activities	School
\$ 8,616,643	
(545,658)	
(534,958)	
(34,194)	
(1,347,477)	
(434,377)	
(315,222)	
(1,375,455)	
(44,743)	
(21,955)	
16,616	
(25,524)	
(224,099)	
(369,237)	
<u>\$ 3,360,360</u>	
	<u>\$ (475,805)</u>
4,516,902	0
249,014	0
171,852	0
8,702,445	399,117
16,777	60
137,385	3,792
<u>13,794,375</u>	<u>402,969</u>
17,154,735	(72,836)
7,174,548	400,932
<u>\$ 24,329,283</u>	<u>\$ 328,096</u>

COSHOCTON CITY SCHOOL DISTRICT, OHIO

***Balance Sheet
Governmental Funds
June 30, 2011***

	General	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 1,216,405	\$ 11,609,835	\$ 2,239,900	\$ 15,066,140
Receivables:				
Taxes	5,169,040	0	662,052	5,831,092
Intergovernmental	0	11,728,242	408,252	12,136,494
Interfund Loans Receivable	274,625	0	0	274,625
Due from Component Unit	0	0	16,567	16,567
Supplies Inventory	0	0	11,631	11,631
Prepaid Items	5,588	0	0	5,588
Restricted Assets:				
Cash and Cash Equivalents	811,043	0	0	811,043
Advances to Other Funds	1,000	0	0	1,000
Total Assets	\$ 7,477,701	\$ 23,338,077	\$ 3,338,402	\$ 34,154,180
Liabilities:				
Accounts Payable	\$ 154,860	\$ 0	\$ 100,176	\$ 255,036
Accrued Wages and Benefits	1,117,260	0	210,166	1,327,426
Intergovernmental Payable	348,159	0	87,294	435,453
Contracts Payable	0	226,148	0	226,148
Interfund Loans Payable	0	0	274,625	274,625
Deferred Revenue - Taxes	4,970,821	0	662,052	5,632,873
Deferred Revenue	0	11,728,242	260,984	11,989,226
Compensated Absences Payable	74,869	0	3,940	78,809
Total Liabilities	6,665,969	11,954,390	1,599,237	20,219,596
Fund Balance:				
Nonspendable	5,588	0	11,631	17,219
Restricted	811,043	11,383,687	1,871,559	14,066,289
Assigned	250,883	0	0	250,883
Unassigned	(255,782)	0	(144,025)	(399,807)
Total Fund Balance	811,732	11,383,687	1,739,165	13,934,584
Total Liabilities and Funds Balance	\$ 7,477,701	\$ 23,338,077	\$ 3,338,402	\$ 34,154,180

See accompanying notes to the basic financial statements

COSHOCTON CITY SCHOOL DISTRICT, OHIO

Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities June 30, 2011

Total Governmental Fund Balances	\$	13,934,584
<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.		5,680,992
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.		12,383,311
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.		3,647,807
Long-term liabilities, including bonds and leases payable are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds	(9,644,523)	
Capital Leases Payable	(137,058)	
Compensated Absences Payable	(1,494,455)	
Accrued Interest Payable	<u>(41,375)</u>	<u>(11,317,411)</u>
<i>Net Assets of Governmental Activities</i>	\$	<u>24,329,283</u>

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, 2011***

	General	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Revenues:				
Local Sources:				
Taxes	\$ 4,566,602	\$ 0	\$ 426,532	\$ 4,993,134
Tuition	987,149	0	0	987,149
Investment Earnings	8,266	7,495	1,016	16,777
Extracurricular Activities	41,642	0	140,206	181,848
Food Services	0	0	263,861	263,861
Class Materials and Fees	26,337	0	0	26,337
Rent	122,918	0	0	122,918
Intergovernmental - State	9,794,598	4,404,316	142,272	14,341,186
Intergovernmental - Federal	0	0	3,265,803	3,265,803
All Other Revenue	19,774	0	114,816	134,590
Total Revenue	15,567,286	4,411,811	4,354,506	24,333,603
Expenditures:				
Current:				
Instruction	10,088,306	0	1,882,404	11,970,710
Supporting Services:				
Pupils	562,861	0	254,976	817,837
Instructional Staff	497,391	0	352,381	849,772
Board of Education	34,194	0	0	34,194
Administration	1,365,640	0	62,682	1,428,322
Fiscal Services	420,845	0	12,431	433,276
Business	284,945	0	28,590	313,535
Operation and Maintenance of Plant	1,502,439	0	14,901	1,517,340
Pupil Transportation	314,750	0	0	314,750
Central	5,986	0	54,119	60,105
Operation of Non-Instructional:				
Food Service Operations	0	0	834,907	834,907
Community Services	12,101	0	60,370	72,471
Extracurricular Activities	200,131	0	202,215	402,346
Capital Outlay	0	974,011	300,140	1,274,151
Debt Service:				
Interest & Fiscal Charges	191,216	0	332,375	523,591
Total Expenditures	15,480,805	974,011	4,392,491	20,847,307

COSHOCTON CITY SCHOOL DISTRICT, OHIO

	General	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Excess (Deficiency) of Revenues Over (Under) Expenditures	86,481	3,437,800	(37,985)	3,486,296
Other Financing Sources (Uses):				
Bond Issuance	0	7,945,887	1,499,113	9,445,000
Premium on Bond Issuance	195,315	0	1,354	196,669
Transfers In	0	0	25,622	25,622
Transfers Out	(25,622)	0	0	(25,622)
Refund of Prior Year Expenditures	63	0	2,732	2,795
Total Other Financing Sources (Uses)	<u>169,756</u>	<u>7,945,887</u>	<u>1,528,821</u>	<u>9,644,464</u>
Net Change in Fund Balance	256,237	11,383,687	1,490,836	13,130,760
Fund Balance at Beginning of Year - Restated	555,495	0	248,263	803,758
Increase in Inventory Reserve	0	0	66	66
Fund Balance End of Year	<u>\$ 811,732</u>	<u>\$ 11,383,687</u>	<u>\$ 1,739,165</u>	<u>\$ 13,934,584</u>

See accompanying notes to the basic financial statements

COSHOCTON CITY SCHOOL DISTRICT, OHIO

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, 2011

Net Change in Fund Balances - Total Governmental Funds \$ 13,130,760

***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 capital outlays exceeded depreciation in the current period. 1,318,782

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets net of proceeds received. (11,205)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 11,933,860

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.

Bond Issuance	(9,445,000)	
Premium on Bond Issuance	(196,669)	
Amortization of Premium	5,960	
Interest Accretion on Bond	(8,814)	
Capital Lease Retirement	<u>34,773</u>	(9,609,750)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (41,375)

COSHOCTON CITY SCHOOL DISTRICT, OHIO

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

Increase in Compensated Absences Payable	118,873	
Increase in Supplies Inventory	66	118,939

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.

314,724

Change in Net Assets of Governmental Activities

\$ 17,154,735

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, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Local Sources:				
Taxes	\$ 4,382,361	\$ 4,656,473	\$ 4,656,473	\$ 0
Tuition	953,850	986,499	987,149	650
Investment Earnings	7,585	7,845	8,387	542
Class Material and Fees	7,687	7,950	10,050	2,100
Rent	120,000	122,918	122,918	0
Intergovernmental - State	9,494,877	9,819,878	9,794,598	(25,280)
All Other Revenues	134,914	16,614	17,232	618
Total Revenues	<u>15,101,274</u>	<u>15,618,177</u>	<u>15,596,807</u>	<u>(21,370)</u>
Expenditures:				
Current:				
Instruction	10,194,588	10,075,593	9,974,555	101,038
Support Services:				
Pupils	647,314	574,971	565,214	9,757
Instructional Staff	489,633	529,464	504,333	25,131
Board of Education	31,800	37,994	34,988	3,006
Administration	1,416,407	1,364,958	1,345,436	19,522
Fiscal Services	408,976	432,020	427,429	4,591
Business	222,717	334,969	303,491	31,478
Operation and Maintenance of Plant	1,490,513	1,659,642	1,609,858	49,784
Pupil Transportation	384,103	369,287	368,791	496
Central	0	6,705	5,986	719
Community Services	11,986	12,186	12,186	0
Extracurricular Activities	215,560	210,363	199,514	10,849
Debt Service:				
Interest and Fiscal Charges	0	191,216	191,216	0
Total Expenditures	<u>15,513,597</u>	<u>15,799,368</u>	<u>15,542,997</u>	<u>256,371</u>

COSHOCTON CITY SCHOOL DISTRICT, OHIO

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(412,323)	(181,191)	53,810	235,001
Other Financing Sources (Uses):				
Premium on Bond Issuance	195,315	195,315	195,315	0
Transfers In	53	53	53	0
Transfers Out	(15,000)	(49,212)	(49,204)	8
Advances In	37,195	37,195	37,195	0
Advances Out	0	(223,943)	(223,943)	0
Refund of Prior Year Expenditures	63	63	63	0
Total Other Financing Sources (Uses):	<u>217,626</u>	<u>(40,529)</u>	<u>(40,521)</u>	<u>8</u>
 Net Change in Fund Balance	 (194,697)	 (221,720)	 13,289	 235,009
 Fund Balance at Beginning of Year	 1,418,225	 1,418,225	 1,418,225	 0
Prior Year Encumbrances	249,433	249,433	249,433	0
Fund Balance at End of Year	<u>\$ 1,472,961</u>	<u>\$ 1,445,938</u>	<u>\$ 1,680,947</u>	<u>\$ 235,009</u>

See accompanying notes to the basic financial statements

COSHOCTON CITY SCHOOL DISTRICT, OHIO

***Statement of Net Assets
Proprietary Funds
June 30, 2011***

	Governmental Activities - Internal Service Funds
Assets:	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$ 3,795,861
Total Assets	<u>3,795,861</u>
Liabilities:	
<i>Current Liabilities:</i>	
Claims Payable	<u>148,054</u>
Total Liabilities	<u>148,054</u>
Net Assets:	
Unrestricted	<u>3,647,807</u>
Total Net Assets	<u>\$ 3,647,807</u>

See accompanying notes to the basic financial statements

COSHOCTON CITY SCHOOL DISTRICT, OHIO

***Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2011***

	Governmental Activities - Internal Service Funds
Operating Revenues:	
Other Operating Revenue	\$ 2,713,322
Total Operating Revenues	<u>2,713,322</u>
Operating Expenses:	
Contractual Services	<u>2,398,598</u>
Total Operating Expenses	<u>2,398,598</u>
Change in Net Assets	314,724
Net Assets Beginning of Year	3,333,083
Net Assets End of Year	<u>\$ 3,647,807</u>

See accompanying notes to the basic financial statements

COSHOCTON CITY SCHOOL DISTRICT, OHIO

Statement of Cash Flows

Proprietary Funds

For the Fiscal Year Ended June 30, 2011

	Governmental Activities - Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Interfund Charges	\$2,713,322
Cash Payments for Claims	(2,584,443)
Net Cash Provided by Operating Activities	<u>128,879</u>
Net Increase in Cash and Cash Equivalents	128,879
Cash and Cash Equivalents at Beginning of Year	3,666,982
Cash and Cash Equivalents at End of Year	<u><u>\$3,795,861</u></u>
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income	\$314,724
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Changes in Assets and Liabilities:	
Decrease in Accounts Payable	(130)
Decrease in Claims Payable	(185,715)
Total Adjustments	<u>(185,845)</u>
Net Cash Provided by Operating Activities	<u><u>\$128,879</u></u>

See accompanying notes to the basic financial statements

COSHOCTON CITY SCHOOL DISTRICT, OHIO

***Statement of Net Assets
Fiduciary Funds
June 30, 2011***

	<u>Trust</u>	<u>Agency Fund</u>	
	<u>Private Purpose</u>	<u>Student Activity</u>	
	<u>Trust</u>	<u>Fund</u>	<u>Total</u>
Assets:			
Cash and Cash Equivalents	\$ 9,246	\$ 45,432	\$ 54,678
Restricted Assets:			
Investments	<u>367,455</u>	<u>0</u>	<u>367,455</u>
Total Assets	<u>376,701</u>	<u>45,432</u>	<u>422,133</u>
Liabilities:			
Due to Students	0	45,432	45,432
Advances from Other Funds	<u>1,000</u>	<u>0</u>	<u>1,000</u>
Total Liabilities	<u>1,000</u>	<u>45,432</u>	<u>46,432</u>
Net Assets:			
Restricted for Scholarships	<u>375,701</u>	<u>0</u>	<u>375,701</u>
Total Net Assets	<u>\$ 375,701</u>	<u>\$ 0</u>	<u>\$ 375,701</u>

See accompanying notes to the basic financial statements

COSHOCTON CITY SCHOOL DISTRICT, OHIO

***Statement of Changes in Net Assets
Fiduciary Fund
For the Fiscal Year Ended June 30, 2011***

	<u>Private Purpose Trust</u>
Additions:	
Investment Earnings:	
Interest	\$ 52,763
Total Additions	<u>52,763</u>
Deductions:	
Community Gifts, Awards and Scholarships	<u>22,450</u>
Total Deductions	<u>22,450</u>
Change in Net Assets	30,313
Net Assets at Beginning of Year	<u>345,388</u>
Net Assets End of Year	<u>\$ 375,701</u>

See accompanying notes to the basic financial statements

COSHOCTON CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011

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 86 noncertified and approximately 156 certified teaching personnel and administrative employees providing education to 1,699 students.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *"The Financial Reporting Entity,"* as amended by GASB Statement No. 39 *"Determining Whether Certain Organizations Are Component Units"*, in that the financial statements include all organizations, activities, functions and component units for which the District (the reporting entity) is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. The District has one component unit, the Coshocton Opportunity School (the "Opportunity School").

Coshocton City School District participates in three organizations which are defined as jointly governed organizations and an insurance purchasing pool. These organizations are the Ohio School Board Association Workers' Compensation Group Rating Program, the Coshocton County Joint Vocational School District, Ohio Mid-Eastern Regional Education Service Agency, and the Coshocton County Tax Incentive Review Council. These organizations are presented in Notes 15 and 16 to the basic financial statements.

Discreetly Presented Component Unit - The component unit column on the Financial Statements includes the financial data of the District's component unit. It is reported in a separate column to emphasize that it is legally separate from the District.

COSHOCTON CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Coshocton Opportunity School, Coshocton, Ohio (the “Opportunity School”) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. It is operated under a contract with the Coshocton City School District to provide a safe and supportive learning environment for non-traditional high school students, where a motivating, standards based curriculum will prepare students for employment and lifelong learning. The focus of the curriculum is to meet the requirements for the passage of the Ohio Graduation Test in the areas of reading, mathematics, writing, social studies, and science, and to meet all other requirements for high school graduation. The Opportunity School cannot borrow money without the consent of the District. Additionally, the Opportunity School provides a benefit to the District as the Opportunity School rents space from the District. Based on this relationship between the District and the Opportunity School, the Opportunity School is reflected as a component unit of the District.

The Treasurer of Coshocton City School District serves as Treasurer of the Opportunity School. The Opportunity School operates on a fiscal year ending June 30. Separately issued financial statements can be obtained by contacting Coshocton Opportunity Schools, 1207 Cambridge Road, Coshocton, Ohio 43812.

The accounting policies and financial reporting practices of the District, including the Opportunity School 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.

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

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.

COSHOCTON CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Classroom Facilities Fund - This fund accounts for state grant monies and debt proceeds to be used for the construction of new school facilities.

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

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011

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

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011

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, 2011, but which are not intended to finance fiscal 2011 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.

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 proprietary funds.

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

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011

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

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011

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 2011.

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. 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

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011***

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.

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	
	General Fund
GAAP Basis (as reported)	\$256,237
Increase (Decrease):	
Accrued Revenues at June 30, 2011, received during FY 2012	(473,844)
Accrued Revenues at June 30, 2010, received during FY 2011	326,959
Accrued Expenditures at June 30, 2011, paid during FY 2012	1,695,148
Accrued Expenditures at June 30, 2010, paid during FY 2011	(1,499,241)
FY 2010 Prepays for FY 2011	34,683
FY 2011 Prepays for FY 2012	(5,588)
Encumbrances Outstanding	(313,497)
Perspective Difference:	
Activity of Funds Reclassified for GAAP Reporting Purposes	(7,568)
Budget Basis	<u>\$13,289</u>

COSHOCTON CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

During fiscal year 2011, 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 5, "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 5, "Cash, Cash Equivalents and Investments."

The District has invested funds in the STAR Ohio during 2011. 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, 2011.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during fiscal 2011 amounted to \$8,266 which includes \$5,874 assigned from other funds.

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

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011***

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:

Description	Estimated Lives (in years)
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, 2011***

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
General Obligation Bond	Bond Retirement Fund
Compensated Absences	General Fund, Food Services Fund, Disadvantaged Pupil Impact Aid Fund, Public Preschool Program 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 216 days. Upon retirement, employees with 10 or more years of service in the Ohio State Teachers Retirement System and 10 or more years of service with the District will receive one-fourth of the accumulated sick leave up to a maximum of 54 days. Upon retirement, employees with 10 or more years of service in the Ohio State Teachers Retirement System but less than 10 years of service with the District will receive one-fourth of the accumulated sick leave up to a maximum of 32 days. Classified employees may earn 15 days of sick leave per year up to a maximum of 220 days. Upon retirement, employees will receive one-fourth of the accumulated sick leave up to a maximum of 50 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.

COSHOCTON CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted – The fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

COSHOCTON CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Fund Balance (Continued)

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education. Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the District Board of Education.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned. The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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.

COSHOCTON CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2011, 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.

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 the 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 2011.

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficits - The fund deficits at June 30, 2011 of \$2,717 in the Auxiliary Services Fund, \$474 in the Public Preschool Program Fund, \$1,670 in the Poverty Based Assistance Fund, \$3,932 in the Parent Mentor Grant Fund, \$21,349 in the State Fiscal Stimulus Fund, \$79,553 in the Title VI-B Fund, \$31,938 in the Chapter I Fund, and \$2,392 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.

Budgetary Non-compliance – Contrary to Ohio Revised Code section 5705.41 (D), 35% of expenditures were not properly certified. Contrary to Ohio Revised Code section 5705.412, the District did not prepare 412 Certificates for a negotiated agreement nor for the supplemental appropriations at the time of Board approval.

COSHOCTON CITY SCHOOL DISTRICT, OHIO

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011***

**NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLE – RESTATEMENT OF FUND
BALANCE/NET ASSETS**

For fiscal 2011 the District implemented GASB Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*”.

Statement No. 54 provides more clearly defined categories to make the nature and extent of the constraints placed on a governments fund balances more transparent. It also clarifies the existing governmental fund type definitions.

While the application of this new standard did not have an effect on total prior year fund balances, it did result in the reclassification of funds as detailed below:

	General Fund	Other Governmental Funds	Governmental Activities
Fund Balance/Net Assets at June 30, 2010	\$528,680	\$275,078	\$7,174,548
Fund Reclassification	26,815	(26,815)	0
Net Assets, as restated	\$555,495	\$248,263	\$7,174,548

In addition, a prior period adjustment was required to determine beginning balances for fiscal year 2011 for the Coshocton Opportunity School (Opportunity School) as this is the first period for which financial statements are being included within the District in accordance with generally accepted accounting principles.

	Coshocton Opportunity School
Fund Balance/Net Assets at June 30, 2010	\$0
Adjustment to beginning net assets	400,932
Net Assets, as restated at July 1, 2010	\$400,932

COSHOCTON CITY SCHOOL DISTRICT, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011**

NOTE 4 – FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General Fund	Classroom Facilities Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Prepaid Items	\$5,588	\$0	\$0	\$5,588
Supplies Inventory	0	0	11,631	11,631
Total Nonspendable	5,588	0	11,631	17,219
Restricted:				
Statutory Reserves	811,043	0	0	811,043
Food Service Operations	0	0	39,162	39,162
Extracurricular Activities	0	0	26,151	26,151
Technology Improvements	0	0	9,261	9,261
Race to the Top Program	0	0	9,844	9,844
Preschool Program	0	0	1,026	1,026
Debt Service Payments	0	0	147,325	147,325
Capital Acquisition and Improvement	0	11,383,687	1,546,130	12,929,817
Other Purposes	0	0	92,660	92,660
Total Restricted	811,043	11,383,687	1,871,559	14,066,289
Assigned to Other Purposes	250,883	0	0	250,883
Unassigned	(255,782)	0	(144,025)	(399,807)
Total Fund Balances	\$811,732	\$11,383,687	\$1,739,165	\$13,934,584

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS

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

Statutes require the classification of funds held by the District into three categories. Category 1 consists of “active” funds - those funds required to be kept in a “cash” or “near cash” status for immediate use by the District. Such funds must be maintained either as cash in the District Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

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

COSHOCTON CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

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;
- The State Treasury Asset Reserve of Ohio (STAR Ohio).
- Certain banker’s acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty five percent of the interim monies available for investment at any one time; and
- Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies

COSHOCTON CITY SCHOOL DISTRICT, OHIO

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011***

NOTE 5 - 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 \$263,503 and the bank balance was \$447,814. Federal depository insurance covered \$411,906 of the bank balance and \$35,908 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	\$35,908
Total Balance	\$35,908

At year end, the District had \$75 in undeposited cash on hand which is included in the financial statements as part of "Cash and Cash Equivalents."

B. Investments

The District's investments at June 30, 2011 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in Years)		
			less than 1	1-3	3-5
Repurchase Agreements	\$19,071,290	N/A	\$19,071,290	\$0	\$0
STAR Ohio	449,854	AAAm ¹	449,854	0	0
Mutual Funds/Stock	310,455	N/A	310,455	0	0
Total Investments	\$19,831,599		\$19,831,599	\$0	\$0

¹ 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, 2011

NOTE 5 - 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. 40. Certificates of deposit with an original maturity of three months or less are treated as cash equivalents. The classification of cash and cash equivalents (deposits) for purposes of this note are based on criteria set forth in GASB Statement No. 3.

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Per Financial Statements	\$19,727,722	\$367,455
Certificates of Deposit (with maturities of more than 3 months)	57,000	(57,000)
Repurchase Agreements	(19,071,290)	19,071,290
STAR Ohio	(449,854)	449,854
Per GASB Statement No. 3	<u>\$263,578</u>	<u>\$19,831,599</u>

D. Component Unit

At year end the carrying amount of the Opportunity School's deposits was \$55,850 and the bank balance was \$74,649. The Federal Deposit Insurance Corporation (FDIC) covered the entire bank balance. There are no significant statutory restrictions regarding the deposit and investment of funds by the nonprofit corporation.

The Opportunity School's Investments at June 30, 2011 were in a repurchase agreement with a fair market value of \$231,872. It has an expected maturity of less than one year. Credit rating is not applicable.

COSHOCTON CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real estate and public utility property, and telephone and telecommunications property used in business and located in the District. Real property taxes (other than public utility) collected during 2011 were levied after April 1, 2010 on assessed values as of January 1, 2010, 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 2009. Real property taxes are payable annually or semi-annually. The first payment is due December 31, with the remainder payable by June 20.

Tangible personal property tax revenues received during calendar year 2011 (other than public utility property) represent the collection of 2011 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2011 were levied after October 1, 2010 on values as of December 31, 2010. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. House Bill No. 66 was to hold districts harmless by replacing a portion of the revenue lost by the District due to the phasing out of the tax. In fiscal years 2006-2009, the District was fully reimbursed for the lost revenue. In fiscal years after 2010, the District will not be reimbursed for the lost revenue.

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 upon which the fiscal year 2011 taxes were collected are as follows:

	2010 Second Half Collections	2011 First Half Collections
Agricultural/Residential and Other Real Estate	\$157,546,250	\$157,708,030
Public Utility Personal	7,142,130	7,294,050
Total Assessed Value	<u>\$164,688,380</u>	<u>\$165,002,080</u>
Tax rate per \$1,000 of assessed valuation	\$56.82	\$59.58

COSHOCTON CITY SCHOOL DISTRICT, OHIO

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011***

NOTE 7 - RECEIVABLES

Receivables at June 30, 2011 consisted of taxes and intergovernmental receivables.

NOTE 8 - INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Following is a summary of interfund receivables/payables for all funds at June 30, 2011:

	Interfund Loan Receivable	Interfund Loan Payable	Advances to Other Funds	Advances from Other Fund
General Fund	\$274,625	\$0	\$1,000	\$0
Other Governmental Funds	0	274,625	0	0
Private Purpose Trust Fund	0	0	0	1,000
Totals	<u>\$274,625</u>	<u>\$274,625</u>	<u>\$1,000</u>	<u>\$1,000</u>

The Interfund Loans are short-term loans to prevent a temporary cash deficit. The Advances are long term loans.

Following is a summary of transfers in and out for all funds for the fiscal year 2011:

Fund	Transfer In	Transfer Out
General Fund	\$0	\$25,622
Other Governmental Funds	25,622	0
Total All Funds	<u>\$25,622</u>	<u>\$25,622</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.

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COSHOCTON CITY SCHOOL DISTRICT, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011**

NOTE 9 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at June 30, 2011:

<i>Historical Cost:</i>				
Class	June 30, 2010	Additions	Deletions	June 30, 2011
<i>Capital assets not being depreciated:</i>				
Land	\$540,284	\$146,240	\$0	\$686,524
Construction in Progress	<u>0</u>	<u>974,011</u>	<u>0</u>	<u>974,011</u>
	540,284	1,120,251	0	1,660,535
<i>Capital assets being depreciated:</i>				
Land Improvements	89,337	0	0	89,337
Buildings and Improvements	9,779,409	24,262	0	9,803,671
Machinery and Equipment	3,511,855	180,592	(12,264)	3,680,183
Vehicles	<u>541,478</u>	<u>215,926</u>	<u>0</u>	<u>757,404</u>
Total Cost	<u>\$14,462,363</u>	<u>\$1,541,031</u>	<u>(\$12,264)</u>	<u>\$15,991,130</u>
<i>Accumulated Depreciation:</i>				
Class	June 30, 2010	Additions	Deletions	June 30, 2011
Land Improvements	(\$21,700)	(\$5,204)	\$0	(\$26,904)
Buildings and Improvements	(6,835,894)	(147,120)	1,059	(6,981,955)
Machinery and Equipment	(2,900,149)	(69,826)	0	(2,969,975)
Vehicles	<u>(331,205)</u>	<u>(99)</u>	<u>0</u>	<u>(331,304)</u>
Total Depreciation	<u>(\$10,088,948)</u>	<u>(\$222,249) *</u>	<u>\$1,059</u>	<u>(\$10,310,138)</u>
<i>Net Value:</i>	<u>\$4,373,415</u>			<u>\$5,680,992</u>

* Depreciation expenses were charged to governmental functions as follows:

Instruction	\$190,787
Support Services:	
Pupils	4,358
Administration	4,116
Fiscal Services	1,084
Operations & Maintenance of Plant	14,121
Transportation	1,793
Operation of Non-Instructional	
Food Service Operations	886
Community Services	2,126
Extracurricular Activities	<u>2,978</u>
Total Depreciation Expense	<u>\$222,249</u>

COSHOCTON CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011

NOTE 9 - CAPITAL ASSETS (Continued)

B. Component Unit Capital Assets

Summary by Category at June 30, 2011:

<u>Class</u>	<u>Balance at June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2011</u>
Furniture and Equipment	\$150,599	\$8,450	\$0	\$159,049
Accumulated Depreciation	(77,784)	(31,528)	0	(109,312)
<i>Net Value:</i>	<u>\$72,815</u>	<u>(\$23,078)</u>	<u>\$0</u>	<u>\$49,737</u>

NOTE 10- DEFINED BENEFIT PENSION PLANS

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

A. School Employee Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement, survivor 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, under Employers/Audit Resources.

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 2011, 11.81 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 contributions for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$248,476, \$244,675 and \$179,779 respectively, which were equal to the required contributions for each year.

COSHOCTON CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

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.

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. 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, 2011, 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 2011, 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.

COSHOCTON CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System (Continued)

The District's contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010, and 2009 were \$1,094,340, \$998,032, and \$1,009,209 respectively; which were equal to the required contributions for each year. Contributions to the DC and Combined Plans for fiscal year 2011 were \$16,097 made by the District and \$11,498 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, 2011, two members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

NOTE 11 - 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 (SERS) 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 as set forth in Ohio Revised Code 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 was \$96.40 for most participants, but could be as high as \$369.10 per month depending on their income. SERS reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the SERS 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. It is also posted on the SERS' website, www.ohsers.org, under Employers/Audit Resources.

ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

COSHOCTON CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

A. School Employee Retirement System (Continued)

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 2011, 1.43 percent of covered payroll was allocated to health care. State law provides that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll, nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2011, 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, 2011, 2010, and 2009 were \$64,938, \$43,280, and \$116,094 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 2011, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were \$15,990, \$14,550, and \$14,833 respectively; which were equal to the required contributions for each year.

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 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 2011, 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, 2011, 2010, and 2009 were \$84,180, \$76,772, and \$77,631 respectively; which were equal to the required contributions for each year.

COSHOCTON CITY SCHOOL DISTRICT, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011**

NOTE 12 - LONG-TERM DEBT AND OTHER OBLIGATIONS

Detail of the changes in long term debt of the District for the year ended June 30, 2011 is as follows:

		Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011	Amount Due Within One Year
Governmental Activities:						
General Obligation Bonds:						
School Construction	2.00 - 6.27%	\$0	\$9,445,000	\$0	\$9,445,000	\$245,000
Bond Premium		0	196,669	(5,960)	190,709	0
Interest Accretion		0	8,814	0	8,814	0
Total General Obligation Bonds		0	9,650,483	(5,960)	9,644,523	245,000
Capital Leases Payable		171,831	0	(34,773)	137,058	36,237
Compensated Absences		1,613,328	233,481	(273,545)	1,573,264	133,697
Total Governmental Activities		\$1,785,159	\$9,883,964	(\$314,278)	\$11,354,845	\$414,934

In fiscal year 2011 the District issued General Obligation Bonds in the amount of \$9,445,000 (School Improvement Bonds, Series 2010) to finance the construction of a new elementary school building. Payments of principal and interest on the bonds are recorded as expenditures in the debt service fund (a nonmajor governmental fund).

A. Principal and Interest Requirements

A summary of the District's future long-term debt funding requirements, including principal and interest payments as of June 30, 2011 follows:

Years	General Obligation Bond	
	Principal	Interest
2012	\$245,000	\$494,044
2013	290,000	487,244
2014	310,000	478,244
2015	0	473,594
2016	0	473,594
2017-2021	0	2,367,970
2022-2026	4,250,000	2,367,970
2027-2031	540,000	1,928,666
2032-2036	1,250,000	1,049,832
2037-2041	1,505,000	654,588
2042-2045	1,055,000	177,013
Totals	\$9,445,000	\$10,952,759

COSHOCTON CITY SCHOOL DISTRICT, OHIO

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011***

NOTE 13 - 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 \$208,447.

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, 2011:

Year Ending June 30,	Capital Leases
2012	\$49,636
2013	45,115
2014	45,115
2015	26,317
Minimum Lease Payments	166,183
Less: Amount representing interest at the District's incremental borrowing rate of interest	(29,125)
Present Value of minimum lease payments	\$137,058

NOTE 14 – STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 2011, the reserve activity (cash-basis) was as follows:

	Textbook Reserve	Capital Acquisition Reserve	Total
Set-aside Cash Balance as of June 30, 2010	\$693,491	\$309,118	\$1,002,609
Current Year Set-Aside Requirement	239,019	239,019	478,038
Current Year Offset Credits	0	(201,534)	(201,534)
Qualifying Disbursements	(279,387)	(188,683)	(468,070)
Total	653,123	157,920	811,043
Set-aside Reserve Balance June 30, 2011	653,123	157,920	811,043
Balance Carried Forward to Fiscal Year 2012	\$0	\$157,920	\$811,043

The District had a reserve balance in the textbook set-aside as qualifying disbursements and offsets during the fiscal year did not exceed the prior year reserve plus the current year set-aside requirement. However, the positive balance is not being carried forward to the subsequent fiscal year as, effective July 1, 2011 the textbook set-aside is no longer required and has been removed from existing law.

COSHOCTON CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011

NOTE 15- 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 2011 the District contracted with Indiana Insurance Company for various insurance coverages, as follows:

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

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 District also provides life insurance and accidental death and dismemberment insurance to employees through Medical 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 more than 25 hours per week.

The District also maintains a limited risk comprehensive health, dental and prescription insurance program for employees. Premiums are paid to a third party administrator, Medical Mutual Insurance Company. 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, 2011, for the dental and prescription self-insurance programs amounted to \$148,054.

COSHOCTON CITY SCHOOL DISTRICT, OHIO

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011***

NOTE 15 - RISK MANAGEMENT (Continued)

B. Other Insurance (Continued)

The agreement with Medical Mutual Insurance Company requires either party to provide 90 days advance notice to terminate the relationship. Upon termination of the agreement with Medical Mutual Insurance Company 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 Medical Mutual Insurance Company in writing at the time of such termination that such services are not required by the District.

Upon termination Medical Mutual Insurance Company 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 \$148,054 reported in the fund at June 30, 2011 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 2011 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>
2010	\$ 157,468	\$ 2,360,647	\$ (2,184,346)	\$ 333,769
2011	333,769	2,398,598	(2,584,313)	148,054

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

A. 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 2011, no monies were paid to the Joint Vocational School from the Coshocton City School District.

COSHOCTON CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

B. 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-two 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 forty-seven member school districts in eleven different Ohio counties. The member school districts are comprised of public school districts and educational service centers. 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. During fiscal year 2011, \$67,588 was paid to OME-RESA for various services.

COSHOCTON CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

C. 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. During fiscal year 2011 no monies were paid to the CCTIRC.

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

NOTE 17 - 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 agreement 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, 2011.

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, 2011.

COSHOCTON CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011

NOTE 18 – CONSTRUCTION COMMITMENTS

As of June 30, 2011 the District had the following commitments with respect to capital projects:

<u>Capital Project</u>	<u>Amount Remaining</u>	<u>Estimated Date of Completion</u>
Elementary School Construction	\$23,330,581	July 2013

NOTE 19 – RELATED PARTY TRANSACTIONS

A. Operating Lease Agreement

The Opportunity School leases portions of a building from the District. The lease was entered into on July 1, 2009 and ends on June 30, 2012. The Opportunity School annually pays the District \$1,800 per student in equal monthly installments. For fiscal year 2011 the Opportunity School paid the District \$117,000 in rent, or \$9,750 per month. For the final year of the lease agreement, fiscal year 2012, the Opportunity School will pay the District a total of \$117,000.

B. Service Agreement

In fiscal year 2011 the Opportunity School paid the District \$274,116 for services provided by the District to the Opportunity School. Also at fiscal year end, the Opportunity School had an outstanding payable of \$16,567 to the District for services provided.

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**COSHOCTON CITY SCHOOL DISTRICT
COSHOCTON COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2011**

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	Pass Through Grantor Number	FEDERAL CFDA NUMBER	RECEIPTS	NON-CASH RECEIPTS	EXPENDITURES	NON-CASH EXPENDITURES
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>(Passed Through Ohio Department of Education)</i>						
Child Nutrition Cluster:						
Non-Cash Assistance (Food Program):						
National School Lunch Program	N/A	10.555		\$17,664		\$17,664
Cash Assistance:						
National School Breakfast Program	N/A	10.553	\$118,450		\$118,450	
National School Lunch Program	N/A	10.555	441,665		441,665	
Total U.S. Department of Agriculture			560,115	17,664	560,115	17,664
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>(Passed Through Ohio Department of Education)</i>						
Title I, Part A Cluster:						
Title I Grants to Local Educational Agencies	C1-S1 2010	84.010	30,859		48,940	
Title I Grants to Local Educational Agencies	C1-S1 2011	84.010	484,014		448,302	
ARRA - Title I Grants to Local Educational Agencies	C1-S1 2010	84.389	39,043		25,000	
ARRA - Title I Grants to Local Educational Agencies	C1-S1 2011	84.389	114,034		114,034	
Total Title I, Part A Cluster			667,950		636,276	
Special Education Cluster (IDEA):						
Special Education Grants to States	6B-SF 2010	84.027	10,957		10,957	
Special Education Grants to States	6B-SF 2011	84.027	362,857		420,369	
Special Education, Preschool Grants	6B-SF 2010	84.173	2,071		3,308	
Special Education, Preschool Grants	6B-SF 2011	84.173	17,165		14,236	
ARRA - Special Education Grants to States	6B-SF 2010	84.391	32,785		32,785	
ARRA - Special Education Grants to States	6B-SF 2011	84.391	185,535		185,535	
ARRA - Special Education, Preschool Grants	6B-SF 2010	84.392	0		4,048	
ARRA - Special Education, Preschool Grants	6B-SF 2011	84.392	6,231		6,231	
Total Special Education Cluster (IDEA):			617,601		677,469	
ARRA - State Fiscal Stabilization Fund - Education State Grants	N/A	84.394	683,030		683,030	
Even Start Grants to State Program:						
Even Start Grants to State:	EV-S1 2010	84.213	16,000		0	
Even Start Grants to State:	EV-S1 2011	84.213	120,154		120,039	
Total Even Start Grants to State Program			136,154		120,039	
ARRA - Race to the Top - Early Learning Challenge	2011	84.395	31,300		8,231	
Rural Education	2011	84.358	24,353		31,339	
ARRA - Teacher Incentive Program	2011	84.385	15,186		32,275	
Safe and Drug Free Schools and Community State Grant	DR-S1 2010	84.186	0		5,035	
Education Technology State Cluster:						
Education Technology State Grants	TJ-S1-2010	84.318	0		1,079	
Education Technology State Grants	TJ-S1-2011	84.318	1,153		993	
Total Education Technology State Cluster			1,153		2,072	
Improving Teacher Quality State Grants Program:						
Improving Teacher Quality State Grants	TR-S1-2010	84.367	6,991		7,810	
Improving Teacher Quality State Grants	TR-S1-2011	84.367	99,049		92,507	
Total Improving Teacher Quality State Grants			106,040		100,317	
Total U.S. Department of Education			2,282,767		2,296,083	
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>						
<i>(Passed Through Coshocton County Job and Family Services)</i>						
Temporary Assistance for Needy Families Cluster	N/A	93.558	53,150		68,120	
Community Alternative Funding System	N/A	93.778	85,518		0	
Total U.S. Department of Health and Human Services			138,668		68,120	
Total			\$2,981,550	\$17,664	\$2,924,318	\$17,664

See Accompanying Notes to the Federal Awards Receipts and Expenditures Schedule.

**COSHOCTON CITY SCHOOL DISTRICT
COSHOCTON COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2011**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports Coshocton City School District (the District's) federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE C – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the fair value. The District allocated donated food commodities to the respective programs that benefitted from the use of those donated food commodities.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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, the discretely presented component unit, 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, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 1, 2012, in which the District adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Also, the District's financial statements were restated to reflect the discretely presented component unit, the Coshocton Opportunity School. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control 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 audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying Schedule of Findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and another deficiency we consider to be a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2011-003 and 2011-004 described in the accompanying Schedule of Findings to be material weaknesses.

Internal Control Over Financial Reporting (Continued)

A significant deficiency is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2011-005 described in the accompanying Schedule of Findings to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2011-001 and 2011-002.

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated March 9, 2012.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management, the Board of Education, others within the District, federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.



Dave Yost
Auditor of State

March 9, 2012



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY 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 (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Coshocton City School District's major federal programs for the year ended June 30, 2011. The *summary of auditor's results* section of the accompanying Schedule of Findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Government's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with these requirements.

In our opinion, the Coshocton City School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the 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 directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, 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.

We also noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated March 9, 2012.

We intend this report solely for the information and use of the audit committee, management, Board of Education, others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Dave Yost
Auditor of State

March 9, 2012

**COSHOCTON CITY SCHOOL DISTRICT
COSHOCTON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2011**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	CFDA #84.394 State Fiscal Stabilization Fund, Education State Grants (ARRA) CFDA #84.010 and #84.389 Title I, Part A Cluster, includes ARRA CFDA #84.027, #84.173, #84.391 and #84.392 Special Education (IDEA) Cluster, includes ARRA
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

1. Ohio Rev. Code Section 5705.412

Finding Number	2011-001
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NONCOMPLIANCE

Ohio Rev. Code Section 5705.412 states that no school district shall adopt any appropriation measure, make any qualifying contract, or increase during any school year any wage or salary schedule unless there is attached thereto a certificate, signed as required by this section, that the school district has in effect the authorization to levy taxes including the renewal or replacement of existing levies which, when combined with the estimated revenue from all other sources available to the district at the time of certification, are sufficient to provide the operating revenues necessary to enable the district to maintain all personnel and programs. The District did not complete this certification for the negotiated agreement entered into with the Coshocton City Education Association approved by the Board on March 30, 2011 for the period of September 1, 2011 through August 31, 2011. Additionally, this certification was not completed for supplemental appropriations approved by the Board on June 9, 2011.

The District should complete the certification required by Ohio Rev. Code Section 5705.412 at the time the contract is entered into and for supplemental appropriations. This will help ensure the District is in compliance with Ohio budgetary law and that all contracted expenditures made by the District are allowable and adequately funded.

This matter will be referred to the County Prosecutor for whatever action is deemed necessary.

Official's Response: The 412 certificate was completed at the time that it was brought to the Treasurer's attention. In both cases CCEA and OAPSE, the contracts were rollovers of a prior 412 certified contract. The 412 certificate is always present in a normal contract settlement. All supplemental appropriation measures shall have the 412 certificate attached.

2. Ohio Rev. Code Section 5705.41(D)

Finding Number	2011-002
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NONCOMPLIANCE

Ohio Rev. Code Section 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the Treasurer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's Treasurer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

FINDING NUMBER 2011-002
(Continued)

There are several exceptions to the standard requirement stated above that a Treasurer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate – If the Treasurer can certify that both at the time that the contract or order was made ("then"), and at the time that the Treasurer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the District can authorize the drawing of a warrant for the payment of the amount due. The District has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the Treasurer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the District.
2. Blanket Certificate – Treasurers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The District may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the Treasurer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

During 2011, 11 of the 31 (35%) expenditures tested were not certified by the Treasurer prior to incurring the obligation. None of them had evidence of the above mentioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balance. In addition, we noted the Board did not establish an amount by which blanket purchase orders may be written for, against any specific line item account over a period not running beyond the end of the current fiscal year.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursement and to help reduce the possibility of the District's funds exceeding budgetary spending limitations, we recommend that the Treasurer certify that the funds are or will be available prior to obligation by the District. When prior certification is not possible, "then and now" certification should be used.

**FINDING NUMBER 2011-002
 (Continued)**

The Treasurer should certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41 (D) requires to authorize disbursements. The Treasurer should also sign the certification prior to the District incurring a commitment, and only when the requirements of 5705.41(D) are satisfied. The Treasurer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation. Additionally, the Board should approve all “Then and Now” transactions exceeding \$3,000 by resolution and establish a maximum amount for blanket certificates.

Official’s Response: This area will be reviewed in order to apply the proper certification. The procedure for ongoing monthly purchasing i.e. maintenance, fuels, food etc will be reviewed for the use of the “super blanket” purchase order. The practice of issuing “verbal” purchase orders shall be reviewed in regards to its continuance.

3. Governmental Accounting Standards Board Statements 14 and 39

Finding Number	2011-003
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MATERIAL WEAKNESS

Governmental Accounting Standards Board Statements 14 and 39 requires reporting, as a component unit, an organization that raises and holds economic resources for the direct benefit of a governmental unit. The Coshocton City School District (the District) is the sponsor for the Coshocton Opportunity School (the Opportunity School), a community school created under Ohio Revised Code Section 1704 and 3314. The contract between the two entities requires the Opportunity School to have the approval of the District before issuing debt which makes the Opportunity School fiscally dependent on the District. Therefore, the Opportunity School is a component unit of the District, and the Opportunity School's financial information should be discretely presented in the financial statements of the District. However, the District's basic financial GAAP statements did not include the Opportunity School.

Sound financial reporting is the responsibility of the Treasurer and Board of Education and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

To help ensure the District’s financial statements and notes to the financial statements are complete and accurate, the District should ensure the Opportunity School's financial information are reported, utilizing GAAP standards, in the financial statements and related notes in the District's annual report. The financial statements and related notes have been corrected to include the activity of the Opportunity School.

Official’s Response: The above mentioned item has been corrected during the audit and GAAP conversion process. Future reports will be compliant as a result.

4. Financial Reporting

Finding Number	2011-004
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MATERIAL WEAKNESS

As a result of audit procedures performed, errors were noted in the District's financial statements and GAAP conversion that required audit adjustments and reclassifications as follows:

- The District did not discretely present the activity of their component unit, the Coshocton Opportunity School as required by Governmental Accounting Standards Board Statements 14 and 39;
- Various revenues were misclassified or not reported. This includes roughly \$123,000 in rent that was identified as interest in the general fund and on the Statement of Activities as well as \$120,039 in federal intergovernmental revenue and support services expenditures for the Evenstart program that were eliminated from reporting;
- Transfers and advances were incorrectly identified. The District had roughly \$113,500 in advances from the general fund to the permanent improvement fund. This was classified as a transfer. Additionally, it was not re-paid at year end, and a corresponding inter-fund receivable and payable was not reported;
- A CD for \$57,000 held by the District's trust fund was incorrectly identified as investments instead of cash and cash equivalents;
- The District and Coshocton Opportunity School component unit did not include roughly \$16,500 in assets and liabilities as an amount due from Component Unit / due to primary government.

Sound financial reporting is the responsibility of the Treasurer and Board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

To help ensure the District's financial statements and notes to the financial statements are complete and accurate, the District should adopt policies and procedures, including a final review of the statements and notes by the Treasurer and Board, to identify and correct errors and omissions.

Official's Response: Monthly rent payments from the Coshocton Opportunity School are currently being recorded to receipt code 1440 rental of real property held for income purposes. It will be reclassified to code 1228 payment from community schools for fiscal year 2012.

5. Office of Management and Budget (OMB) Circular A-133, Section .310 (b)

Finding Number	2011-005
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SIGNIFICANT DEFICIENCY

Office of Management and Budget (OMB) Circular A-133, Section .310 (b) requires recipients to prepare a Federal Awards Receipts and Expenditures Schedule that should include, among other things, providing the total federal awards expended for each individual federal program.

**FINDING NUMBER 2011-005
(Continued)**

During 2011, the District received a Temporary Assistance for Needy Families (TANF) sub grant from the Coshocton County Job and Family Services. The District did not report receipts and expenditures related to the TANF grant in the amounts of \$53,150 and \$68,120 respectively. Also, the District received a Even Start sub grant through the Ohio Department of Education. For the 2011 grant year, the District reported receipts of \$115 and no expenditures when they had receipts and expenditures of \$120,154 and \$120,039, respectively. This occurred as the District posted negative adjustments to receipts when an expenditure was made instead of posting the expenditure as an expenditure. Additionally, the District did not report \$44,447 in State Fiscal Funding Stabilization (SFSF) expenditures made on behalf of the District by the Ohio Department of Education. This occurred as the District reported SFSF activity at the net distribution level. Errors and omissions to the Federal Awards Receipts and Expenditure Schedule could have an adverse effect on future grant awards by the awarding agency or agencies in addition to an inaccurate assessment of major federal programs that would be subjected to audit. The District's Federal Awards Receipts and Expenditures Schedule has been adjusted accordingly.

The District should review all sub grant agreements to determine whether activity from these grants require inclusion on the Federal Awards Receipts and Expenditures Schedule. Additionally, for the Even Start program, the District should identify federal receipts and expenditures separately in their accounting system and not net the activity together. This will help ensure the Federal Awards Receipts and Expenditure Schedule is complete and accurate and major federal programs are correctly identified for audit.

Official's Response: TANF funds were received through ODJFS. The audit determined the to be federal funds. Should the district receive these funds in the future, the funds will be treated as federal funds on the annual federal schedule in the financial report.

The District acted as the fiscal agent for the Even Start program. The District did not employ the staff or purchase the materials etc for the program. The primary purpose was to flow the funds through the District to the program which was housed at the local office of ODJFS. In retrospect, the accounting procedure should have been to record the revenue as revenue and the distribution out to the Even Start program as an expenditure. The process used as to treat the distributions as refunds.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURE

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

To the Board of Education:

Ohio Rev. 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 Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

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

1. We noted the Board amended its anti-harassment policy at its meeting on February 10, 2011 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

Ohio Rev. Code Section 3313.666 required the Board to amend its definition by September 28, 2010.

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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

March 9, 2012

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www.ohioauditor.gov



Dave Yost • 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
APRIL 5, 2012**