

COSHOCTON CITY SCHOOL DISTRICT
ANNUAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015

Wilson, Phillips & Agin, CPA's, Inc.
1100 Brandywine Blvd. Building G
Zanesville, Ohio 43701



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Coshocton City School District, Coshocton County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period July 1, 2014 through June 30, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding for Recovery Gary Lowe:

Three salary notices issued by former Treasurer Gary Lowe on June 18, 2014 for the 2014/2015 school year to employees Susan Mann, Ritchie Hall and Leslie Croft indicated that they would be paid from the salary schedule based upon certain degree levels and experience levels. However, they were actually paid based upon the incorrect degree and experience levels. It was noted, however, that the salary notice had the incorrect amount indicated. The difference in payment was \$2,411, \$2,411 and \$2,225, respectively, for each of the three employees totaling \$7,047.

The compensation of certified employees of the Coshocton City School District is determined by and limited to the negotiated agreement between the Board of Education and the Coshocton City Education Association.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code §117.28, a Finding for Recovery for public monies illegally expended is hereby issued against former Treasurer Gary Lowe and his bonding company, The Cincinnati Insurance Company, jointly and severally, in the amount of \$7,047, and in favor of the Coshocton City School District's General Fund. Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code §9.39; *State, ex. Rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable

for the loss incurred should such funds or property be fraudulently obtained by another, Board of Education converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att’y Gen. No. 80-074.

Therefore, because former Treasurer Gary Lowe approved these salary notices and subsequent issuance of payroll checks, he will be jointly and severally liable to the extent recovery is not obtained these employees.

Finding for Recovery- Susan Mann:

The salary notice issued to Susan Mann on June 18, 2014 for the 2014/2015 school year by former Treasurer Gary Lowe indicated that she would be paid from the salary schedule based upon a degree level of MA+15 and experience level of 14 years (step 14), or \$59,481. However, she was actually paid based upon a degree level of MA+15 and experience level of 18 years (step 15), or \$61,892. It was noted, however, that the salary notice had the incorrect amount indicated. The difference in payment was \$2,411.

As a certified employee of the Coshocton City School District, her compensation level is determined by and limited to the negotiated agreement between the Board of Education and the Coshocton City Education Association.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code§117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Susan Mann, and the former Treasurer Gary Lowe and his bonding company, The Cincinnati Insurance Company, jointly and severally, in the amount of \$2,411, and in favor of the Coshocton City School District’s General Fund.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att’y Gen. No. 80-074; Ohio Rev. Code §9.39; *State, ex. Rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att’y Gen. No. 80-074.

Therefore, because former Treasurer Gary Lowe approved Ms. Mann’s salary notice and subsequent issuance of payroll checks, he will be jointly and severally liable to the extent recovery is not obtained from Ms. Mann.

Finding for Recovery Ritchie Hall:

The salary notice issued to Ritchie Hall on June 18, 2014 for the 2014/2015 school year by former Treasurer Gary Lowe indicated that she would be paid from the salary schedule based upon a degree level of MA+15 and experience level of 17 years (step 14), or \$59,481. However, she was actually paid based upon a degree level of MA+15 and experience level of 18 years (step 15), or \$61,892. It was noted, however, that the salary notice had the incorrect amount indicated. The difference in payment was \$2,411.

As a certified employee of the Coshocton City School District, her compensation level is determined by and limited to the negotiated agreement between the Board of Education and the Coshocton City Education Association.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code §117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Ritchie Hall, and former Treasurer Gary Lowe and his bonding company, The Cincinnati Insurance Company, jointly and severally, in the amount of \$2,411, and in favor of the Coshocton City School District's General Fund.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code §9.39; *State, ex. Rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att'y Gen. No. 80-074.

Therefore, because former Treasurer Gary Lowe approved Ms. Hall's salary notice and subsequent issuance of payroll checks, he will be jointly and severally liable to the extent recovery is not obtained from Ms. Hall.

Finding for Recovery Leslie Croft:

The salary notice issued to Leslie Croft on June 18, 2014 for the 2014/2015 school year by former Treasurer Gary Lowe indicated that she would be paid from the salary schedule based upon a degree level of BA+15 and experience level of 15 years (step 14), or \$54,943. However, she was actually paid based upon a degree level of MA and experience level of 15 years (step 14), or \$57,168. It was noted, however, that her salary notice had the incorrect amount indicated. The difference in payment was \$2,225.

As a certified employee of the Coshocton City School District, her compensation level is determined by and limited to the negotiated agreement between the Board of Education and the Coshocton City Education Association.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code §117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Leslie Croft, and former Treasurer Gary Lowe and his bonding company, The Cincinnati Insurance Company, jointly and severally, in the amount of \$2,225, and in favor of the Coshocton City School District's General Fund.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code §9.39; *State, ex. Rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att'y Gen. No. 80-074.

Therefore, because former Treasurer Gary Lowe approved Ms. Croft's salary notice and subsequent issuance of payroll checks, he will be jointly and severally liable to the extent recovery is not obtained from Ms. Croft.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Coshocton City School District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

May 2, 2016

**COSHOCTON CITY SCHOOL DISTRICT
COSHOCTON COUNTY**

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' REPORT

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

To the Board of Education:

Report on the Financial Statements

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 as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement whether due to fraud or error.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Opinion

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 Coshocton City School District, Coshocton County, Ohio as of June 30, 2015, and the respective changes in financial position and cash flows, and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during the year ended June 30, 2015, the District adopted Governmental Accounting Standards No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis* and schedules of net pension liabilities and pension contributions, 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 the placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on Coshocton City School District's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards (the Schedule) present additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is management's responsibility, and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this Schedule 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 Schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated January 22, 2016, on our consideration of the Coshocton City School 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. That report describes the scope of our internal control testing over financial reporting and compliance and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Coshocton City School District's internal control over financial reporting and compliance.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
January 22, 2016

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COSHOCTON CITY SCHOOL DISTRICT, OHIO

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2015

Unaudited

This 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, 2015. 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 fiscal year 2015 are as follows:

- ❑ Net position decreased \$1,383,967, or 23% during fiscal year 2015.
- ❑ General revenues accounted for \$14,519,442 in revenue or 68% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$6,984,025 or 32% of total revenues of \$21,503,467.
- ❑ The District had \$22,887,434 in expenses related to governmental activities; only \$6,984,025 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$14,519,442 also provided for these programs.
- ❑ The general fund had \$17,120,980 in revenues and \$16,498,347 in expenditures. The general fund's fund balance increased \$491,546 to an ending balance of \$1,319,016.

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, 2015***

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 position includes all of the District's assets, liabilities, and deferred outflows/inflows of resources. 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 position and how it has changed. Net position is one way to measure the District's financial health.

- Over time, increases or decreases in the District's net position is 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, extracurricular activities, and food service operations.

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 Position 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 medical, 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 Position and the Statement of Activities.

COSHOCTON CITY SCHOOL DISTRICT, OHIO

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015***

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 Position and Changes in Fiduciary Net Position. 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 position for fiscal year 2015 compared to fiscal year 2014.

	Governmental Activities	
	2015	Restated 2014
Current and Other Assets	\$12,719,007	\$13,868,288
Capital Assets, Net	24,379,354	25,513,497
Total Assets	<u>37,098,361</u>	<u>39,381,785</u>
Deferred Outflows of Resources	<u>1,689,091</u>	<u>1,320,179</u>
Net Pension Liability	22,821,896	27,130,625
Other Long-term Liabilities	11,629,405	11,745,487
Other Liabilities	2,295,708	2,364,623
Total Liabilities	<u>36,747,009</u>	<u>41,240,735</u>
Deferred Inflows of Resources	<u>9,390,887</u>	<u>5,427,706</u>
Net Position		
Net Investment in Capital Assets	15,586,064	16,658,497
Restricted	1,370,836	2,007,828
Unrestricted	<u>(24,307,344)</u>	<u>(24,632,802)</u>
Total Net Position	<u><u>(\$7,350,444)</u></u>	<u><u>(\$5,966,477)</u></u>

COSHOCTON CITY SCHOOL DISTRICT, OHIO

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015***

Unaudited

During 2015, the District adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the District's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

COSHOCTON CITY SCHOOL DISTRICT, OHIO

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015***

Unaudited

In accordance with GASB 68, the District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from \$19,843,969 to a net deficit of \$5,966,477.

Changes in Net Position – The following table shows the changes in net position for fiscal year 2015 compared to fiscal year 2014:

	Governmental Activities		Increase (Decrease)
	2015	2014	
Revenues			
Program Revenues:			
Charges for Services and Sales	\$1,086,800	\$1,169,100	(\$82,300)
Operating Grants and Contributions	5,895,060	3,644,492	2,250,568
Capital Grants and Contributions	2,165	0	2,165
Total Program Revenues	<u>6,984,025</u>	<u>4,813,592</u>	<u>2,170,433</u>
General Revenues:			
Property Taxes	5,952,753	5,284,760	667,993
Intergovernmental, Unrestricted	8,434,901	9,075,363	(640,462)
Other	131,788	148,815	(17,027)
Total General Revenues	<u>14,519,442</u>	<u>14,508,938</u>	<u>10,504</u>
Total Revenues	<u>21,503,467</u>	<u>19,322,530</u>	<u>2,180,937</u>
Program Expenses			
Instruction	14,757,324	15,024,124	(266,800)
Support Services:			
Pupils	609,858	692,013	(82,155)
Instructional Staff	1,066,403	993,399	73,004
Board of Education	154,710	83,041	71,669
Administration	1,344,250	1,386,857	(42,607)
Fiscal Services	702,734	540,587	162,147
Business	115,667	376,023	(260,356)
Operation and Maintenance of Plant	1,619,944	1,719,149	(99,205)
Pupil Transportation	369,241	391,053	(21,812)
Central	253,751	17,044	236,707
Operation of Non-Instructional:			
Food Service Operations	867,499	923,703	(56,204)
Community Services	36,138	66,389	(30,251)
Extracurricular Activities	457,336	420,811	36,525
Interest and Fiscal Charges	532,579	510,703	21,876
Total Expenses	<u>22,887,434</u>	<u>23,144,896</u>	<u>(257,462)</u>
Change in Net Position	<u>(1,383,967)</u>	<u>(3,822,366)</u>	<u>2,438,399</u>
Beginning Net Position - Restated	<u>(5,966,477)</u>	N/A	N/A
Ending Net Position - Restated	<u>(\$7,350,444)</u>	<u>(\$5,966,477)</u>	<u>(\$1,383,967)</u>

COSHOCTON CITY SCHOOL DISTRICT, OHIO

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015***

Unaudited

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$1,320,179 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$940,944. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

	Governmental Activities
Total 2015 program expenses under GASB 68	\$22,887,434
Pension expense under GASB 68	(940,944)
2015 contractually required contribution	1,473,151
Adjusted 2015 program expenses	23,419,641
Total 2014 program expenses under GASB 27	23,144,896
Change in program expenses not related to pension	\$274,745

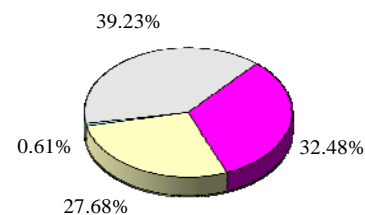
Governmental Activities

Net position of the District's governmental activities decreased \$1,383,967. An increase in operating grants and contributions can be attributed to increases in Poverty Based Assistance, Title VI-B, and Title I Grants. An increase in taxes can be attributed to an increase in the amount of property taxes available for advance. A decrease in State foundation monies resulted in the decrease in unrestricted intergovernmental revenues. Expenses remained stable, decreasing approximately 1%.

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 28% of revenues for governmental activities for Coshocton City Schools in fiscal year 2015. The District's reliance upon tax revenues is demonstrated by the following graph:

Revenue Sources	2015	Percent of Total
General Grants	\$8,434,901	39.23%
Program Revenues	6,984,025	32.48%
General Tax Revenues	5,952,753	27.68%
General Other	131,788	0.61%
Total Revenue	\$21,503,467	100.00%



COSHOCTON CITY SCHOOL DISTRICT, OHIO

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015*

Unaudited

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

The District's governmental funds reported a combined fund balance of \$2,076,402, which is below last year's balance of \$2,901,116. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2015 and 2014.

	<u>Fund Balance June 30, 2015</u>	<u>Fund Balance June 30, 2014</u>	<u>Increase (Decrease)</u>
General	\$1,319,016	\$827,470	\$491,546
Classroom Facilities	(854,051)	227,074	(1,081,125)
Other Governmental	1,611,437	1,846,572	(235,135)
Total	<u>\$2,076,402</u>	<u>\$2,901,116</u>	<u>(\$824,714)</u>

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COSHOCTON CITY SCHOOL DISTRICT, OHIO

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015***

Unaudited

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

	2015 Revenues	2014 Revenues	Increase (Decrease)
Taxes	\$5,290,456	\$4,693,622	\$596,834
Tuition	730,458	733,101	(2,643)
Investment Earnings	1,519	3,656	(2,137)
Extracurricular Activities	23,547	28,768	(5,221)
Class Materials and Fees	32,852	27,059	5,793
Rent	101,740	71,816	29,924
Intergovernmental - State	10,939,394	9,968,183	971,211
All Other Revenue	1,014	24,686	(23,672)
Total	\$17,120,980	\$15,550,891	\$1,570,089

General Fund revenues in fiscal year 2015 increased 10% compared to revenues in fiscal year 2014. An increase in taxes can be attributed to an increase in the amount of property taxes available for advance. Poverty based assistance grants resulted in the increase in intergovernmental state revenues.

	2015 Expenditures	2014 Expenditures	Increase (Decrease)
Instruction	\$10,936,244	\$10,425,915	\$510,329
Supporting Services:			
Pupils	616,824	662,525	(45,701)
Instructional Staff	431,267	451,297	(20,030)
Board of Education	154,710	83,041	71,669
Administration	1,277,597	1,288,690	(11,093)
Fiscal Services	640,347	497,725	142,622
Business	114,120	352,263	(238,143)
Operation and Maintenance of Plant	1,559,288	1,625,419	(66,131)
Pupil Transportation	276,951	658,139	(381,188)
Central	229,142	15,844	213,298
Operation of Non-Instructional:			
Food Service Operations	268	0	268
Community Services	6,138	6,299	(161)
Extracurricular Activities	255,451	231,487	23,964
Total	\$16,498,347	\$16,298,644	\$199,703

Overall, General Fund expenditures increased \$199,703, or approximately 1%. The purchase of four new school busses in the prior fiscal year resulted in the subsequent decrease in pupil transportation costs in the current fiscal year.

COSHOCTON CITY SCHOOL DISTRICT, OHIO

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015***

Unaudited

Classroom Facilities Fund – The Classroom Facilities Fund is reporting State grant monies and debt proceeds to be used for the construction of a new elementary school building. This fund is reporting a net deficit balance due to expenditures made that were not reimbursed within the availability period.

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 2015 the District amended its General Fund budget several times, none significant.

For the General Fund, original budgeted and final budgeted revenues were not materially different. Actual budget basis revenues were 6% higher than original and final budgeted amounts due to Poverty Based Assistance grants received. Original budgeted, final budgeted and actual budget basis expenditures were not materially different. The General Fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2015 the District had \$24,379,354 net of accumulated depreciation invested in land, buildings, improvements, machinery, equipment and vehicles. The following table shows fiscal year 2015 and 2014 balances:

	Governmental Activities		Increase (Decrease)
	2015	2014	
Land	\$652,141	\$737,522	(\$85,381)
Land Improvements	1,667,482	1,667,482	0
Buildings and Improvements	27,675,269	27,675,269	0
Machinery and Equipment	3,506,851	3,416,681	90,170
Vehicles	968,956	968,956	0
Less: Accumulated Depreciation	(10,091,345)	(8,952,413)	(1,138,932)
Totals	\$24,379,354	\$25,513,497	(\$1,134,143)

In fiscal year 2015 the District sold the land at the former site of Central Elementary.

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, 2015*

Unaudited

Debt and Other Long-term Obligations

The following table summarizes the District's debt outstanding as of June 30, 2015 and 2014:

	2015	Restated 2014
Governmental Activities:		
General Obligation Bonds:		
School Construction	\$8,834,724	\$8,824,834
Energy Conservation	1,070,000	1,133,000
Bank Loan	193,290	255,000
Net Pension Liability	22,821,896	27,130,625
Compensated Absences	1,531,391	1,532,653
Totals	\$34,451,301	\$38,876,112

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, 2015, 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 Felicia Drummey, Coshocton City School District.

COSHOCTON CITY SCHOOL DISTRICT, OHIO

Statement of Net Position June 30, 2015

	Governmental Activities	Component Unit Opportunity School
Assets:		
Cash and Cash Equivalents	\$ 5,204,899	\$ 54,463
Receivables:		
Taxes	5,836,471	0
Accounts	297	0
Intergovernmental	1,341,011	17,051
Due from Component Unit	11,560	0
Inventory of Supplies at Cost	9,769	0
Prepaid Items	0	2,277
Restricted Assets:		
Cash and Cash Equivalents	315,000	0
Non-Depreciable Capital Assets	652,141	0
Depreciable Capital Assets, Net	23,727,213	2,392
Total Assets	37,098,361	76,183
Deferred Outflows of Resources:		
Pension:		
STRS	1,399,348	0
SERS	289,743	0
Total Deferred Outflows of Resources	1,689,091	0
Liabilities:		
Accounts Payable	137,174	1,987
Accrued Wages and Benefits	1,299,044	0
Intergovernmental Payable	334,454	0
Contracts Payable	24,495	0
Claims Payable	186,746	0
Due to Primary Government	0	11,560
Accrued Interest Payable	43,171	0
Retainage Payable	270,624	0
Long Term Liabilities:		
Due Within One Year	206,647	0
Due in More Than One Year:		
Net Pension Liability	22,821,896	0
Other Amounts Due in More Than One Year	11,422,758	0
Total Liabilities	36,747,009	13,547
Deferred Inflows of Resources:		
Property Tax Levy for Next Fiscal Year	5,245,453	0
Pension:		
STRS	3,597,039	0
SERS	548,395	0
Total Deferred Inflows of Resources	9,390,887	0
Net Position:		
Net Investment in Capital Assets	15,586,064	2,392
Restricted For:		
Capital Projects	201,369	0
Debt Service	491,751	0
Other Purposes	677,716	40,207
Unrestricted (Deficit)	(24,307,344)	20,037
Total Net Position	\$ (7,350,444)	\$ 62,636

See accompanying notes to the basic financial statements

COSHOCTON CITY SCHOOL DISTRICT, OHIO

Statement of Activities For the Fiscal Year Ended June 30, 2015

	Program Revenues				Net (Expense) Revenue and Changes in Net Position	Component Unit
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Opportunity School
Governmental Activities:						
Instruction	\$ 14,757,324	\$ 763,310	\$ 4,441,024	\$ 2,165	\$ (9,550,825)	
Support Services:						
Pupils	609,858	0	0	0	(609,858)	
Instructional Staff	1,066,403	0	210,953	0	(855,450)	
Board of Education	154,710	0	0	0	(154,710)	
Administration	1,344,250	0	16,797	0	(1,327,453)	
Fiscal Services	702,734	0	0	0	(702,734)	
Business	115,667	0	0	0	(115,667)	
Operation and Maintenance of Plant	1,619,944	101,740	100,000	0	(1,418,204)	
Pupil Transportation	369,241	0	327	0	(368,914)	
Central	253,751	0	0	0	(253,751)	
Operation of Non-Instructional:						
Food Service Operations	867,499	65,736	804,237	0	2,474	
Community Services	36,138	0	46,741	0	10,603	
Extracurricular Activities	457,336	156,014	0	0	(301,322)	
Interest and Fiscal Charges	532,579	0	274,981	0	(257,598)	
Total Governmental Activities	\$ 22,887,434	\$ 1,086,800	\$ 5,895,060	\$ 2,165	\$ (15,903,409)	
Component Unit:						
Opportunity School	\$ 366,871	\$ 865	\$ 52,552			(313,454)
General Revenues						
Property Taxes Levied for:						
General Purposes					5,246,657	0
Special					80,901	0
Debt Service					508,082	0
Capital Outlay					117,113	0
Intergovernmental, Unrestricted					8,434,901	298,814
Investment Earnings					1,861	8
Miscellaneous					129,927	2,695
Total General Revenues					14,519,442	301,517
Change in Net Position					(1,383,967)	(11,937)
Net Position Beginning of Year - Restated					(5,966,477)	74,573
Net Position End of Year					\$ (7,350,444)	\$ 62,636

See accompanying notes to the basic financial statements

COSHOCTON CITY SCHOOL DISTRICT, OHIO

***Balance Sheet
Governmental Funds
June 30, 2015***

	<u>General</u>	<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and Cash Equivalents	\$ 1,012,636	\$ 0	\$ 2,354,365	\$ 3,367,001
Receivables:				
Taxes	5,020,375	0	816,096	5,836,471
Accounts	297	0	0	297
Intergovernmental	0	558,932	782,079	1,341,011
Interfund Loans Receivable	1,408,792	0	0	1,408,792
Due from Component Unit	0	0	11,560	11,560
Supplies Inventory	0	0	9,769	9,769
Restricted Assets:				
Cash and Cash Equivalents	0	0	315,000	315,000
Total Assets	<u>\$ 7,442,100</u>	<u>\$ 558,932</u>	<u>\$ 4,288,869</u>	<u>\$ 12,289,901</u>
Liabilities:				
Accounts Payable	\$ 79,768	\$ 0	\$ 57,406	\$ 137,174
Accrued Wages and Benefits	1,107,136	0	191,908	1,299,044
Intergovernmental Payable	297,836	0	36,618	334,454
Contracts Payable	0	24,495	0	24,495
Interfund Loans Payable	0	558,932	849,860	1,408,792
Retainage Payable	0	270,624	0	270,624
Compensated Absences Payable	79,551	0	0	79,551
Total Liabilities	<u>1,564,291</u>	<u>854,051</u>	<u>1,135,792</u>	<u>3,554,134</u>
Deferred Inflows of Resources:				
Unavailable Amounts	64,947	558,932	790,033	1,413,912
Property Tax Levy for Next Fiscal Year	4,493,846	0	751,607	5,245,453
Total Deferred Inflows of Resources	<u>4,558,793</u>	<u>558,932</u>	<u>1,541,640</u>	<u>6,659,365</u>
Fund Balance:				
Nonspendable	0	0	9,769	9,769
Restricted	0	0	2,447,644	2,447,644
Assigned	146,453	0	0	146,453
Unassigned	1,172,563	(854,051)	(845,976)	(527,464)
Total Fund Balance	<u>1,319,016</u>	<u>(854,051)</u>	<u>1,611,437</u>	<u>2,076,402</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 7,442,100</u>	<u>\$ 558,932</u>	<u>\$ 4,288,869</u>	<u>\$ 12,289,901</u>

See accompanying notes to the basic financial statements

COSHOCTON CITY SCHOOL DISTRICT, OHIO

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities June 30, 2015

Total Governmental Fund Balances \$ 2,076,402

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

Capital Assets used in governmental activities are not
resources and therefore are not reported in the funds. 24,379,354

Other long-term resources are not available to pay for current-
period expenditures and therefore are deferred in the funds. 1,413,912

The net pension liability is not due and payable in the current period;
therefore, the liability and related deferred inflows/outflows are not
reported in governmental funds:

Deferred Outflows - Pension	1,689,091	
Deferred Inflows - Pension	(4,145,434)	
Net Pension Liability	<u>(22,821,896)</u>	(25,278,239)

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 position. 1,651,152

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 Payable	(9,904,724)	
Bank Loan	(193,290)	
Compensated Absences Payable	(1,451,840)	
Accrued Interest Payable	<u>(43,171)</u>	<u>(11,593,025)</u>

Net Position of Governmental Activities **\$ (7,350,444)**

See accompanying notes to the basic financial statements

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COSHOCTON CITY SCHOOL DISTRICT, OHIO

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Fiscal Year Ended June 30, 2015

	General	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Revenues:				
Local Sources:				
Taxes	\$ 5,290,456	\$ 0	\$ 701,598	\$ 5,992,054
Tuition	730,458	0	0	730,458
Investment Earnings	1,519	335	7	1,861
Extracurricular Activities	23,547	0	132,467	156,014
Food Services	0	0	65,736	65,736
Class Materials and Fees	32,852	0	0	32,852
Rent	101,740	0	0	101,740
Intermediate Sources	0	0	1,500	1,500
Intergovernmental - State	10,939,394	39,451	211,157	11,190,002
Intergovernmental - Federal	0	0	2,295,831	2,295,831
All Other Revenue	1,014	600	228,313	229,927
Total Revenues	17,120,980	40,386	3,636,609	20,797,975
Expenditures:				
Current:				
Instruction	10,936,244	0	1,665,420	12,601,664
Supporting Services:				
Pupils	616,824	0	823	617,647
Instructional Staff	431,267	0	405,997	837,264
Board of Education	154,710	0	0	154,710
Administration	1,277,597	0	21,927	1,299,524
Fiscal Services	640,347	0	56,048	696,395
Business	114,120	0	0	114,120
Operation and Maintenance of Plant	1,559,288	0	9,794	1,569,082
Pupil Transportation	276,951	0	979	277,930
Central	229,142	0	0	229,142
Operation of Non-Instructional:				
Food Service Operations	268	0	774,980	775,248
Community Services	6,138	0	29,776	35,914
Extracurricular Activities	255,451	0	167,210	422,661
Capital Outlay	0	1,121,511	492,464	1,613,975
Debt Service:				
Principal Retirement	0	0	124,710	124,710
Interest and Fiscal Charges	0	0	523,097	523,097
Total Expenditures	16,498,347	1,121,511	4,273,225	21,893,083
Excess (Deficiency) of Revenues Over (Under) Expenditures	622,633	(1,081,125)	(636,616)	(1,095,108)

COSHOCTON CITY SCHOOL DISTRICT, OHIO

	General	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses):				
Proceeds from the Sale of Capital Assets	0	0	270,000	270,000
Transfers In	0	0	131,087	131,087
Transfers Out	(131,087)	0	0	(131,087)
Total Other Financing Sources (Uses)	<u>(131,087)</u>	<u>0</u>	<u>401,087</u>	<u>270,000</u>
Net Change in Fund Balance	491,546	(1,081,125)	(235,529)	(825,108)
Fund Balance at Beginning of Year	827,470	227,074	1,846,572	2,901,116
Increase in Inventory	0	0	394	394
Fund Balance End of Year	<u>\$ 1,319,016</u>	<u>\$ (854,051)</u>	<u>\$ 1,611,437</u>	<u>\$ 2,076,402</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, 2015

Net Change in Fund Balances - Total Governmental Funds \$ (825,108)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. (1,048,762)

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. (85,381)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 705,492

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. 1,473,151

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (940,944)

The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net position. 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 position.

Bond Principal Retirement	63,000	
Bank Loan Principal Retirement	61,710	
Amortization of Premium	5,960	
Interest Accretion on Bond	<u>(15,850)</u>	114,820

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 408

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.

Change in Compensated Absences Payable	80,813	
Change in Supplies Inventory	<u>394</u>	81,207

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. (858,850)

Change in Net Position of Governmental Activities \$ (1,383,967)

See accompanying notes to the basic financial statements

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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, 2015***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Local Sources:				
Taxes	\$ 5,008,133	\$ 5,017,117	\$ 5,017,117	\$ 0
Tuition	696,091	697,340	730,458	33,118
Investment Earnings	728	729	1,507	778
Class Materials and Fees	18,277	18,310	18,310	0
Rent	96,920	97,094	101,660	4,566
Intermediate Sources	5,009	5,018	0	(5,018)
Intergovernmental - State	9,979,488	9,997,391	10,943,740	946,349
All Other Revenues	6,938	6,950	6,854	(96)
Total Revenues	<u>15,811,584</u>	<u>15,839,949</u>	<u>16,819,646</u>	<u>979,697</u>
Expenditures:				
Current:				
Instruction	10,535,140	11,072,546	10,929,399	143,147
Support Services:				
Pupils	588,754	607,450	599,597	7,853
Instructional Staff	455,624	440,377	434,684	5,693
Board of Education	178,750	150,723	148,774	1,949
Administration	1,303,889	1,228,075	1,212,198	15,877
Fiscal Services	496,383	649,475	641,078	8,397
Business	363,544	123,297	121,703	1,594
Operation and Maintenance of Plant	1,676,449	1,573,460	1,553,118	20,342
Pupil Transportation	528,308	331,313	327,030	4,283
Central	18,200	221,068	218,210	2,858
Non-Instructional:				
Food Service Operations	0	272	268	4
Community Services	10,136	6,216	6,136	80
Extracurricular Activities	273,014	258,244	254,905	3,339
Total Expenditures	<u>16,428,191</u>	<u>16,662,516</u>	<u>16,447,100</u>	<u>215,416</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(616,607)	(822,567)	372,546	1,195,113

COSHOCTON CITY SCHOOL DISTRICT, OHIO

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Other Financing Sources (Uses):				
Proceeds from the Sale of Capital Assets	180,000	180,000	0	(180,000)
Transfers Out	(50,000)	(131,087)	(131,087)	0
Advances In	212,806	212,806	212,806	0
Advances Out	(10,000)	(1,274,652)	(1,274,652)	0
Refund of Prior Year Expenditures	98,443	98,443	98,443	0
Total Other Financing Sources (Uses):	431,249	(914,490)	(1,094,490)	(180,000)
 Net Change in Fund Balance	 (185,358)	 (1,737,057)	 (721,944)	 1,015,113
 Fund Balance at Beginning of Year	 1,461,830	 1,461,830	 1,461,830	 0
Prior Year Encumbrances	138,829	138,829	138,829	0
Fund Balance at End of Year	\$ 1,415,301	\$ (136,398)	\$ 878,715	\$ 1,015,113

See accompanying notes to the basic financial statements

COSHOCTON CITY SCHOOL DISTRICT, OHIO

***Statement of Net Position
Proprietary Funds
June 30, 2015***

	Governmental Activities - Internal Service Funds
Assets:	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$ 1,837,898
Total Assets	<u>1,837,898</u>
Liabilities:	
<i>Current Liabilities:</i>	
Claims Payable	<u>186,746</u>
Total Liabilities	<u>186,746</u>
Net Position:	
Unrestricted	1,651,152
Total Net Position	<u>\$ 1,651,152</u>

See accompanying notes to the basic financial statements

COSHOCTON CITY SCHOOL DISTRICT, OHIO

***Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2015***

	Governmental Activities - Internal Service Funds
Operating Revenues:	
Charges for Services	\$ 2,245,841
Total Operating Revenues	<u>2,245,841</u>
Operating Expenses:	
Contractual Services	<u>3,104,691</u>
Total Operating Expenses	<u>3,104,691</u>
Change in Net Position	(858,850)
Net Position Beginning of Year	<u>2,510,002</u>
Net Position End of Year	<u>\$ 1,651,152</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, 2015

	Governmental Activities - Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Interfund Charges	\$2,245,841
Cash Payments for Claims	(3,064,930)
Net Cash Used for Operating Activities	<u>(819,089)</u>
Net Decrease in Cash and Cash Equivalents	(819,089)
Cash and Cash Equivalents at Beginning of Year	<u>2,656,987</u>
Cash and Cash Equivalents at End of Year	<u><u>\$1,837,898</u></u>
<u>Reconciliation of Operating Loss to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Loss	(\$858,850)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Changes in Assets and Liabilities:	
Increase in Claims Payable	<u>39,761</u>
Total Adjustments	<u>39,761</u>
Net Cash Used for Operating Activities	<u><u>(\$819,089)</u></u>

See accompanying notes to the basic financial statements

COSHOCTON CITY SCHOOL DISTRICT, OHIO

***Statement of Net Position
Fiduciary Funds
June 30, 2015***

	Private Purpose Trust	Agency	Total
Assets:			
Cash and Cash Equivalents	\$ 64,061	\$ 56,402	\$ 120,463
Restricted Assets:			
Investments	324,780	0	324,780
Total Assets	<u>388,841</u>	<u>56,402</u>	<u>445,243</u>
Liabilities:			
Due to Students	0	56,402	56,402
Total Liabilities	<u>0</u>	<u>56,402</u>	<u>56,402</u>
Net Position:			
Restricted for Scholarships	388,841	0	388,841
Total Net Position	<u>\$ 388,841</u>	<u>\$ 0</u>	<u>\$ 388,841</u>

See accompanying notes to the basic financial statements

COSHOCTON CITY SCHOOL DISTRICT, OHIO

***Statement of Changes in Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2015***

	Private Purpose Trust
Additions:	
Contributions:	
Total Contributions	\$ 0
Investment Earnings:	
Interest	\$ 6,687
Net Decrease in the Fair Value of Investments	(5,777)
Total Additions	<u>910</u>
Deductions:	
Community Gifts, Awards and Scholarships	<u>9,200</u>
Total Deductions	<u>9,200</u>
Change in Net Position	(8,290)
Net Position at Beginning of Year	<u>397,131</u>
Net Position End of Year	<u>\$ 388,841</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, 2015

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 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"*, and GASB Statement No. 61, *"The Financial Reporting Entity; Omnibus"* 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 14 and 15 to the basic financial statements.

Discretely 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, 2015

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, deferred outflows/inflows of resources, 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, 2015

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, liabilities, and deferred outflows/inflows of resources associated with the operation of the proprietary funds are included on the balance sheet. The proprietary fund operating statement presents increases (i.e., revenues) and decreases (i.e., expenses) in net position.

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 medical, dental, and prescription drug self insurance program.

Fiduciary Funds – Fiduciary fund reporting focuses on net position and changes in net position. 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 funds account for various student-managed activity programs and athletic tournament monies. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. Basis of Presentation – Financial Statements

Government-wide Financial Statements – The statement of net position 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, 2015

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, current liabilities, deferred outflows/inflows of resources, 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, liabilities, and deferred outflows/inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. 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, 2015

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, 2015, but which are not intended to finance fiscal 2015 operations, have been recorded as deferred inflows of resources. 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.

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.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, 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 non-exchange transactions must also be available before it can be recognized.

COSHOCTON CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year.

All funds other than agency funds are legally required to be budgeted and appropriated; however, only 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.

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 2015.

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.

COSHOCTON CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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.

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)	\$491,546
Increase (Decrease):	
Accrued Revenues at June 30, 2015, received during FY 2016	(1,870,671)
Accrued Revenues at June 30, 2014, received during FY 2015	549,720
Accrued Expenditures at June 30, 2015, paid during FY 2016	1,564,291
Accrued Expenditures at June 30, 2014, paid during FY 2015	(1,407,077)
FY 2014 Prepays for FY 2015	5,938
Encumbrances Outstanding	(78,941)
Perspective Difference:	
Activity of Funds Reclassified for GAAP Reporting Purposes	23,250
Budget Basis	<u>(\$721,944)</u>

COSHOCTON CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

During fiscal year 2015, cash and cash equivalents included amounts in demand deposits, a money market account and short-term certificates of deposit with original maturities of three months or less. The certificates of deposit are considered cash equivalents because they are highly liquid investments.

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."

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 year 2015 amounted to \$1,519 which includes \$1,256 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, 2015

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 \$1000 and an estimated useful life threshold of five or more years.

1. Property, Plant and Equipment - Governmental Activities

Governmental capital assets are those that are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds. These assets are capitalized at cost (or estimated historical cost for assets not purchased in recent years) within the governmental activities in the government-wide statement of net position but are not reported in the fund financial statements.

Contributed capital assets are recorded at fair market value at the date received. The District does not possess any infrastructure. Capital asset values were initially determined by identifying historical costs where such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

2. Depreciation

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

<u>Description</u>	<u>Estimated Lives (in years)</u>
Land Improvements	30
Building and Improvements	15-30
Machinery and Equipment	5-15
Vehicles	5

COSHOCTON CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

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>
Bank Loan	Bond Retirement Fund
General Obligation Bonds	Bond Retirement Fund
Compensated Absences	General Fund, Food Services Fund, Federal Grants Fund, Public Preschool Program 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 vesting method.

Certified employees may earn 15 days of sick leave per year up to a maximum of 240 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 position, “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, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Net Position

Net position represents the difference between assets, liabilities, and deferred outflows/inflows of resources. Net investment in capital assets 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 position is reported as restricted when there are limitations imposed on 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 position is available.

M. Pensions

The provision for pension cost 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, 2015

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 cash represents a bond sinking fund account.

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, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. 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.

S. 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 2015.

T. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then. For the District, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 10.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, pension, and unavailable revenue. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows. In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, unavailable amounts, is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for property taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position and are explained in Note 10.

COSHOCTON CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

For fiscal year 2015, the District implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions” and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68.” GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported June 30, 2014:

	<u>Governmental Activities</u>
Net position June 30, 2014	\$19,843,969
Adjustments:	
Net Pension Liability	(27,130,625)
Deferred Outflow - Payments Subsequent to Measurement Date	<u>1,320,179</u>
Restated Net Position June 30, 2014	<u><u>(\$5,966,477)</u></u>

Other than employer contributions subsequent to the measurement date, the District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficits - The fund deficits at June 30, 2015 of \$57,912 in the Public Preschool Program Fund, \$88,891 in the Race to the Top Fund, \$234,004 in the Title VI-B Fund, \$124,115 in the Chapter I Fund, \$1,472 in the Preschool Grant Fund, \$145,538 in the Improving Teacher Quality Fund, and \$194,044 in the Miscellaneous Federal Grants Fund (special revenue funds) arose 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.

COSHOCTON CITY SCHOOL DISTRICT, OHIO

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015***

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:				
Supplies Inventory	\$0	\$0	\$9,769	\$9,769
Total Nonspendable	<u>0</u>	<u>0</u>	<u>9,769</u>	<u>9,769</u>
Restricted:				
Food Service Operations	0	0	348,559	348,559
Extracurricular Activities	0	0	7,321	7,321
Technology Improvements	0	0	20,720	20,720
At Risk Student Instruction	0	0	11,210	11,210
Alternative School Funding	0	0	1,311	1,311
Nonpublic School Support	0	0	10,018	10,018
Facilities Maintenance	0	0	446,149	446,149
Debt Service Payments	0	0	529,311	529,311
Capital Acquisition and Improvement	0	0	1,007,545	1,007,545
Other Purposes	0	0	65,500	65,500
Total Restricted	<u>0</u>	<u>0</u>	<u>2,447,644</u>	<u>2,447,644</u>
Assigned to Other Purposes	146,453	0	0	146,453
Unassigned	<u>1,172,563</u>	<u>(854,051)</u>	<u>(845,976)</u>	<u>(527,464)</u>
Total Fund Balances	<u><u>\$1,319,016</u></u>	<u><u>(\$854,051)</u></u>	<u><u>\$1,611,437</u></u>	<u><u>\$2,076,402</u></u>

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, 2015

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, 2015

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 \$5,640,287 and the bank balance was \$5,825,178. Federal depository insurance covered \$609,454 of the bank balance and \$5,215,724 was collateralized by the financial institutions' public entity deposit pools in the manner described above.

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, 2015 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in Years)		
			less than 1	1-3	3-5
Mutual Funds/Stock	\$324,780	N/A	\$324,780	\$0	\$0
Total Investments	\$324,780		\$324,780	\$0	\$0

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, 2015**

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.

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	\$5,640,362	\$324,780
Cash on Hand	(75)	0
Per GASB Statement No. 3	<u>\$5,640,287</u>	<u>\$324,780</u>

D. Component Unit

At year end the carrying amount of the Opportunity School's deposits was \$54,463 and the bank balance was \$67,127. 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.

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COSHOCTON CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real and public utility property located in the District. Real property tax revenue received in calendar 2015 represents collections of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014, on the assessed value listed as of January 1, 2014, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2015 represents collections of calendar year 2014 taxes. Public utility real and tangible personal property taxes received in calendar year 2015 became a lien December 31, 2013, were levied after April 1, 2014 and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

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 2015 taxes were collected are as follows:

	2014 Second Half Collections	2015 First Half Collections
Agricultural/Residential and Other Real Estate	\$156,638,490	\$158,482,910
Public Utility Personal	8,476,590	9,125,600
Total Assessed Value	<u>\$165,115,080</u>	<u>\$167,608,510</u>
Tax rate per \$1,000 of assessed valuation	\$59.66	\$59.77

COSHOCTON CITY SCHOOL DISTRICT, OHIO

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015***

NOTE 7 - RECEIVABLES

Receivables at June 30, 2015 consisted of taxes, accounts, and intergovernmental receivables.

NOTE 8 - INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Following is a summary of interfund receivables/payables for all funds at June 30, 2015:

	Interfund Loans Receivable	Interfund Loans Payable
General Fund	\$1,408,792	\$0
Classroom Facilities Fund	0	558,932
Other Governmental Funds	0	849,860
Totals	\$1,408,792	\$1,408,792

These Interfund Loans are short-term loans to prevent a temporary cash deficit.

Following is a summary of transfers in and out for all funds for the fiscal year 2015:

Fund	Transfers In	Transfers Out
General Fund	\$0	\$131,087
Other Governmental Funds	131,087	0
Totals	\$131,087	\$131,087

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; to transfer capital assets; and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers made in fiscal year 2015 were allowable under Ohio Revised Code Sections 5705.14, 5705.15, and 5705.16.

COSHOCTON CITY SCHOOL DISTRICT, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015**

NOTE 9 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at June 30, 2015:

<i>Historical Cost:</i>				
Class	June 30, 2014	Additions	Deletions	June 30, 2015
<i>Capital assets not being depreciated:</i>				
Land	\$737,522	\$0	(\$85,381)	\$652,141
<i>Capital assets being depreciated:</i>				
Land Improvements	1,667,482	0	0	1,667,482
Buildings and Improvements	27,675,269	0	0	27,675,269
Machinery and Equipment	3,416,681	90,170	0	3,506,851
Vehicles	968,956	0	0	968,956
Total Cost	<u>\$34,465,910</u>	<u>\$90,170</u>	<u>(\$85,381)</u>	<u>\$34,470,699</u>
<i>Accumulated Depreciation:</i>				
Class	June 30, 2014	Additions	Deletions	June 30, 2015
Land Improvements	(\$928,781)	(\$76,646)	\$0	(\$1,005,427)
Buildings and Improvements	(6,395,318)	(599,440)	0	(6,994,758)
Machinery and Equipment	(1,138,315)	(398,634)	0	(1,536,949)
Vehicles	(489,999)	(64,212)	0	(554,211)
Total Depreciation	<u>(\$8,952,413)</u>	<u>(\$1,138,932) *</u>	<u>\$0</u>	<u>(\$10,091,345)</u>
<i>Net Value:</i>	<u>\$25,513,497</u>			<u>\$24,379,354</u>

* Depreciation expenses were charged to governmental functions as follows:

Instruction	\$758,791
Support Services:	
Pupils	1,127
Instructional Staff	200,784
Administration	3,679
Fiscal Services	524
Operation and Maintenance of Plant	8,842
Transportation	66,401
Operation of Non-Instructional:	
Food Service Operations	62,323
Extracurricular Activities	36,461
Total Depreciation Expense	<u>\$1,138,932</u>

COSHOCTON CITY SCHOOL DISTRICT, OHIO

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015*

NOTE 9 - CAPITAL ASSETS (Continued)

B. Component Unit Capital Assets

Summary by Category at June 30, 2015:

<u>Class</u>	<u>Balance at June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2015</u>
Furniture and Equipment	\$168,357	\$0	\$0	\$168,357
Accumulated Depreciation	(162,216)	(3,749)	0	(165,965)
<i>Net Value:</i>	<u>\$6,141</u>	<u>(\$3,749)</u>	<u>\$0</u>	<u>\$2,392</u>

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COSHOCTON CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

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. Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension liability on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

COSHOCTON CITY SCHOOL DISTRICT, OHIO

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015***

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

B. Plan Description

School Employees Retirement System (SERS)

Plan Description – District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary. One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The District’s contractually required contribution to SERS was \$260,985 for fiscal year 2015.

COSHOCTON CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

B. Plan Description (Continued)

State Teachers Retirement System (STRS)

Plan Description –District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS 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. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

COSHOCTON CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

B. Plan Description (Continued)

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability 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 – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$1,212,166 for fiscal year 2015. Of this amount, \$202,297 is reported as an intergovernmental payable.

COSHOCTON CITY SCHOOL DISTRICT, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015**

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$3,378,837	\$19,443,059	\$22,821,896
Proportion of the Net Pension Liability	0.066763%	0.0799354%	
Pension Expense	\$198,703	\$742,241	\$940,944

At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$28,758	\$187,182	\$215,940
School District contributions subsequent to the measurement date	<u>260,985</u>	<u>1,212,166</u>	<u>1,473,151</u>
Total Deferred Outflows of Resources	<u>\$289,743</u>	<u>\$1,399,348</u>	<u>\$1,689,091</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	<u>\$548,395</u>	<u>\$3,597,039</u>	<u>\$4,145,434</u>
Total Deferred Inflows of Resources	<u>\$548,395</u>	<u>\$3,597,039</u>	<u>\$4,145,434</u>

\$1,473,151 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2016	(\$129,910)	(\$852,465)	(\$982,375)
2017	(129,909)	(852,464)	(982,373)
2018	(129,909)	(852,464)	(982,373)
2019	<u>(129,909)</u>	<u>(852,464)</u>	<u>(982,373)</u>
Total	<u>(\$519,637)</u>	<u>(\$3,409,857)</u>	<u>(\$3,929,494)</u>

COSHOCTON CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

D. Actuarial Assumptions

School Employees Retirement System (SERS)

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation.

COSHOCTON CITY SCHOOL DISTRICT, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015**

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

D. Actuarial Assumptions (Continued)

Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	<u>100.00 %</u>	

Discount Rate - The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
School District's proportionate share of the net pension liability	\$4,820,597	\$3,378,837	\$2,166,193

COSHOCTON CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

D. Actuarial Assumptions (Continued)

State Teachers Retirement System (STRS)

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	<u>100.00 %</u>	

COSHOCTON CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

D. Actuarial Assumptions (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$27,834,857	\$19,443,059	\$12,346,420

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COSHOCTON CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

NOTE 11 - POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

Plan Description – The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. 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.

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 2015, 0.82 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount (\$20,450 for 2015), pro-rated according to service credit earned. Statutes provide 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.

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, 2015, 2014, and 2013 were \$50,725, \$35,667, and \$35,708 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, 2015

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

B. State Teachers Retirement System

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2015, STRS Ohio allocated employer contributions equal to zero percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$80,751, and \$77,745 respectively; which were equal to the required contributions for each year.

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COSHOCTON CITY SCHOOL DISTRICT, OHIO

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015***

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, 2015 is as follows:

		Restated Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015	Amount Due Within One Year
Governmental Activities:						
General Obligation Bonds:						
School Construction	2011 2.00 - 6.27%	\$8,600,000	\$0	\$0	\$8,600,000	\$0
Energy Conservation	2012 2.97%	425,000	0	(25,000)	400,000	26,000
Energy Conservation	2014 3.65%	708,000	0	(38,000)	670,000	38,000
Bond Premium		172,829	0	(5,960)	166,869	0
Interest Accretion		52,005	15,850	0	67,855	0
Total General Obligation Bonds		9,957,834	15,850	(68,960)	9,904,724	64,000
Bank Loan:						
School Bus Purchase	2014 2.67%	255,000	0	(61,710)	193,290	63,096
Net Pension Liability:						
STRS		23,160,444	0	(3,717,385)	19,443,059	0
SERS		3,970,181	0	(591,344)	3,378,837	0
Total Net Pension Liability:		27,130,625	0	(4,308,729)	22,821,896	0
Compensated Absences		1,532,653	97,903	(99,165)	1,531,391	79,551
Total Governmental Activities		<u>\$38,876,112</u>	<u>\$113,753</u>	<u>(\$4,538,564)</u>	<u>\$34,451,301</u>	<u>\$206,647</u>

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. In fiscal years 2012 and 2014 the District issued General Obligation Bonds in the amount of \$448,691 (Energy Conservation Improvement Bonds, Series 2012) and \$722,565 (Energy Conservation Improvement Bonds, Series 2014), respectively, to finance the installation, modification and remodeling of school buildings to conserve energy. Payments of principal and interest on the bonds are recorded as expenditures in the debt service fund (a nonmajor governmental fund).

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COSHOCTON CITY SCHOOL DISTRICT, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015**

NOTE 12 - LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)

A. Principal and Interest Requirements

A summary of the District's future long-term debt funding requirements, including principal and interest payments as of June 30, 2015 follows:

Years	General Obligation Bonds		Bank Loan	
	Principal	Interest	Principal	Interest
2016	\$64,000	\$509,197	\$63,096	\$4,059
2017	66,000	507,019	64,421	2,734
2018	69,000	504,753	65,773	1,282
2019	72,000	502,386	0	0
2020	75,000	499,915	0	0
2021-2025	413,000	2,459,264	0	0
2026-2030	4,666,000	2,171,218	0	0
2031-2035	1,155,000	1,120,082	0	0
2036-2040	1,400,000	739,603	0	0
2041-2045	1,690,000	272,731	0	0
Totals	<u>\$9,670,000</u>	<u>\$9,286,168</u>	<u>\$193,290</u>	<u>\$8,075</u>

NOTE 13 – STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined, into a capital acquisition reserve. During the fiscal year ended June 30, 2015, the reserve activity (cash-basis) was as follows:

	Capital Acquisition Reserve
Set-aside Cash Balance as of June 30, 2014	\$0
Current Year Set-Aside Requirement	275,146
Current Year Offset Credits	(105,527)
Qualifying Disbursements	<u>(169,619)</u>
Total	<u>\$0</u>
Set-aside Reserve Balance June 30, 2015	<u>\$0</u>

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

COSHOCTON CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

NOTE 14 - RISK MANAGEMENT

A. Insurance Purchasing Pool

Sheakley Uniserve Workers' Compensation Group Rating Program - The School District participates in the Ohio School Board 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 2015 the District contracted 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	Busses	\$1,000 Comprehensive; \$1,000 Collision
Ohio School Plan	Buildings and Contents	\$1,000
Ohio School Plan	Inland Marine Coverage	\$1,000
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, 2015 for the self-insurance program amounted to \$186,746.

COSHOCTON CITY SCHOOL DISTRICT, OHIO

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015***

NOTE 14 - 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, 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 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 \$186,746 reported in the fund at June 30, 2015 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 fiscal 2015 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
2014	\$ 125,006	\$ 3,121,253	\$ (3,099,274)	\$ 146,985
2015	146,985	3,104,691	(3,064,930)	186,746

NOTE 15 - 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 2015, no monies were paid to the Joint Vocational School.

COSHOCTON CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

NOTE 15 - 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-one 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 2015, \$61,069 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, 2015

NOTE 15 - 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 2015 no monies were paid to the CCTIRC.

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

NOTE 16 - 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, 2015.

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, 2015.

COSHOCTON CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

NOTE 17 – SIGNIFICANT COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At June 30, 2015 the District had encumbrance commitments in the Governmental Funds as follows:

<u>Fund</u>	<u>Encumbrances</u>
General Fund	\$88,468
Other Governmental Funds	<u>40,335</u>
Total Governmental Funds	<u><u>\$128,803</u></u>

NOTE 18 – 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, 2012 and ended on June 30, 2015. The Opportunity School annually pays the District \$1,800 per student in equal monthly installments. For fiscal year 2015 the Opportunity School paid the District a total of \$64,566.

B. Service Agreement

In fiscal year 2015 the Opportunity School paid the District \$223,157 for services provided by the District to the Opportunity School. In addition, at fiscal year end, the Opportunity School had an outstanding payable of \$11,560 to the District for services provided.

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REQUIRED SUPPLEMENTAL INFORMATION

COSHOCTON CITY SCHOOL DISTRICT, OHIO

Schedule of District's Proportionate Share of the Net Pension Liability Current Year

State Teachers Retirement System

Fiscal Year	<u>2014</u>
District's proportion of the net pension liability (asset)	0.0799354%
District's proportionate share of the net pension liability (asset)	\$19,443,059
District's covered-employee payroll	\$8,075,146
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	240.78%
Plan fiduciary net position as a percentage of the total pension liability	74.70%

Source: District Treasurer's Office and State Teachers Retirement System

School Employees Retirement System

Fiscal Year	<u>2014</u>
District's proportion of the net pension liability (asset)	0.066763%
District's proportionate share of the net pension liability (asset)	\$3,378,837
District's covered-employee payroll	\$1,951,010
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	173.18%
Plan fiduciary net position as a percentage of the total pension liability	71.70%

Source: District Treasurer's Office and School Employees Retirement System

Notes: The District implemented GASB Statements 68 in 2015.

Information prior to 2014 is not available.

The schedule is reported as of the measurement date of the Net Pension Liability.

COSHOCTON CITY SCHOOL DISTRICT, OHIO

***Schedule of District Contributions
Last Two Fiscal Years***

State Teachers Retirement System

Fiscal Year	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$1,049,769	\$1,212,166
Contributions in relation to the contractually required contribution	<u>1,049,769</u>	<u>1,212,166</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>
District's covered-employee payroll	\$8,075,146	\$8,658,329
Contributions as a percentage of covered-employee payroll	13.00%	14.00%

Source: District Treasurer's Office and State Teachers Retirement System

School Employees Retirement System

Fiscal Year	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$270,410	\$260,985
Contributions in relation to the contractually required contribution	<u>270,410</u>	<u>260,985</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>
District's covered-employee payroll	\$1,951,010	\$1,980,159
Contributions as a percentage of covered-employee payroll	13.86%	13.18%

Source: District Treasurer's Office and School Employees Retirement System

Notes: The District implemented GASB Statement 68 in 2015.
Information prior to 2014 is not available.

**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' 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, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, 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, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 22, 2016. We noted the District adopted Governmental Accounting Standards No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Coshocton City School District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying Schedule of Findings and Questioned Costs we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider Finding 2015-001 described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Coshocton City School 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, opining on compliance was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings and Questioned Costs as Finding 2015-001.

Entity's Response to Findings

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
January 22, 2016

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Coshocton City School 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, opining on compliance was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings and Questioned Costs as Finding 2015-001.

Entity's Response to Findings

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
January 22, 2016

**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND 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:

Report on Compliance for Each Major Federal Program

We have audited the Coshocton City School District's compliance with the applicable 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, 2015. The *Summary of Audit Results* in the accompanying schedule of findings identifies the Coshocton City School District's major federal programs.

Management's Responsibility

The Coshocton City School District's management is responsible for complying with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the Coshocton City School District's compliance for each of the Coshocton City School District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for 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 us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major program occurred. An audit includes examining, on a test basis, evidence about the Coshocton City School District's compliance with these requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major programs. However, our audit does not provide a legal determination on the District's compliance.

Basis for Qualified Opinion on Teacher Incentive Fund Cluster, Title I Part A and Special Education Grants

As described in Finding 2015-002 and 2015-003 in the accompanying Schedule of Findings and Questioned Costs, the District did not comply with requirements regarding the following:

Finding #	CFDA #	Program (or Cluster) Name	Compliance Requirement
2015-002	84.374	Teacher Incentive Fund Cluster	Period of Availability
2015-003	84.374, 84.385	Teacher Incentive Fund Cluster	Reporting
2015-003	84.010	Title 1	Reporting
2015-003	84.027, 84.173	Special Education	Reporting

Compliance with these requirements is necessary in our opinion, for the District to comply with the requirements applicable to these programs.

Qualified Opinion on Teacher Incentive Fund Cluster, Title 1 Part A and Special Education Grants

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Teacher Incentive Fund Cluster*, the district complied, in all material respects, with the requirements referred to above that could directly and materially affect its Teacher Incentive Fund Cluster, Title 1 Part A and Special Education Grants for the year ended June 30, 2015.

Report on Internal Control Over Compliance

The Coshocton City School District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Coshocton City School District's internal control over compliance with the applicable requirements that could directly and materially affect on a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Coshocton City School District's internal control over compliance.

Our consideration of the 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 material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and a deficiency we consider to be a significant deficiency.

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's applicable 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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as findings 2015-002 through 2015-003 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency or a combination of deficiencies in internal control over compliance with a federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2015-004 to be a significant deficiency.

Coshocton City School District
Coshocton County
Report on Compliance with OMB A-133
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The District's response to our internal control over compliance findings are described in the accompanying Schedule of Findings and Questioned Costs and Corrective Action Plan. We did not audit the District's responses and, accordingly, we express no opinion on them.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
January 22, 2016

**COSHOCTON CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION 505
June 30, 2015**

1. Summary of Auditor's Results

(d)(1)(I)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any other significant deficiencies In internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	Yes
(d)(1)(iv)	Were there any other significant deficiencies In internal control reported for major federal programs?	Yes
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified except for Teacher Incentive Fund Cluster Section H Period of Availability, Section L Reporting, Title 1 Section L Reporting, Special Education Section L Reporting
(d)(1)(vi)	Are there any reportable findings under section. 510?	Yes
(d)(1)(vii)	Major Programs:	Special Ed.; CFDA #84.027, 84.173 Title I, CDFA #84.010 TIF Cluster, CFDA #84.374, 84.385
(d)(1)(viii)	Dollar Threshold: Type A\B Programs:	Type A: >\$300,000; Type B: All Others
(d)(1)(ix)	Low Risk Auditee?	No

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

FINDING 2015-001

Material Weakness and Noncompliance

The Coshocton City Education Association and the Coshocton City Board of Education Master Agreement for the period September 1, 2012 to August 31, 2015 provides in Article 26 a salary schedule for Certificated/Licensed staff.

**COSHOCTON CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS (CONTINUED)
OMB CIRCULAR A-133 SECTION 505
June 30, 2015**

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

FINDING 2015-001 (Continued)

During testing of payroll, it was noted that four employees were not paid according to Article 26. The schedule is a “step” schedule based on experience and education level. Three employees were placed in a step that resulted in overpayments to them and one employee was placed in a step where they were underpaid. Therefore, the District is not in compliance with its Master Agreement.

We recommend that all payroll entries at the beginning of each school year be reviewed and compared to the schedule so that all employees are placed correctly. We also recommend the District determine a method to collect the overpayments and make sure the employee who was underpaid is paid the money due for services rendered.

Officials Response: These errors occurred because the District relied upon a visual identification of the next step from the “Certificated Wage and Experience Record”. Then the same person visually matched the next step with the appropriate step on the salary schedule. To mitigate these visual tracking errors, we now utilize an excel vlookup and match function to calculate annual salary using the appropriate step and column.

3. Findings and Questioned Costs for Federal Awards

Finding Number 2015-002

CFDA Title and Number: Teacher Incentive Fund, CFDA 84.374

Federal Award Number/Year: 2014/2015

Federal Agency: U.S. Department of Education

Pass-Through Agency: Ohio Department of Education

Questioned Costs, Material Weakness and Noncompliance-Section H-Period of Availability

34 CFR Part 74.28 provides that where a funding period is specified, a recipient may charge to the grant only allowable costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the Secretary.

The District paid \$92 in reimbursed expenses in March 2015 and charged the costs to the TIF Year 3 grant. However, these costs were incurred and paid after the period of availability and should have not been charged to the TIF Year 3 grant. As a result, we have identified a total of \$92 of known questioned costs for obligations outside the period of availability.

The District should review grant expenditure guidelines to determine when expenditures can be incurred. The District should review all expenditures prior to charging them to grants to ensure that they were incurred during the period of availability.

Officials Response: See Corrective Action Plan.

**COSHOCTON CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS (CONTINUED)
OMB CIRCULAR A-133 SECTION 505
June 30, 2015**

3. Findings and Questioned Costs for Federal Awards (Continued)

Finding Number 2015-003

CFDA Title and Number: Teacher Incentive Fund, CFDA 84.374, 84.385, Title 1 Grants, CFDA #84.010, Special Education Grants, CFDA # 84.027, 84.173

Federal Award Number/Year: 2014/2015

Federal Agency: U.S. Department of Education

Pass-Through Agency: Ohio Department of Education

Material Weakness and Noncompliance – Section L, Reporting

32 C.F.R. 80.41(a) provides that (1) except as provided in paragraphs (a) (2) and (5) of this section grantees will use only the forms specified in paragraphs (a) of this section, and such supplementary or other forms as may from time to time be authorized by OMB, for: (i) submitting financial reports to federal agencies, or (ii) requesting advances or reimbursements when letters of credit are not used; (2) grantees need not apply the forms prescribed in this section in dealing with their sub-grantees. However, grantees shall not impose more burdensome requirements on sub-grantees.

The District is a sub-grantee of the Ohio Department of Education. There were a number of TIF grants that were active in Fiscal Year 2015. Two of the grants had a Federal Expenditure Report (FER) that was filed after the required due date. The TIF-ODU Teacher Leadership Endorsement grant (due by September 30, 2014) and the TIF Year 4 Operating grant (due by November 30, 2014) were not filed until May 29, 2015. The District has not filed the FER for five of the TIF grants and they are past their required due date. These grants were: TIF Compensation Study, TIF Year 3 Operating, Ohio TIF Professional Development Awards, OTIF Incentive, and TIF Year 5 Operating.

The Title 1 Part A and Special Education grants are included in the CCIP Consolidated Funding. The FER was due September 30, 2015 and has not yet been filed.

The District should review grant reporting guidelines to determine the deadline for filing expenditure reports. Failure to provide the FER could result in the refunding of awarded funds.

Official's Response: See Corrective Action Plan.

Finding Number 2015-004

CFDA Title and Number: Title 1 Part A, CFDA 84.010

Federal Award Number/Year: 2014/2015

Federal Agency: U.S. Department of Education

Pass-Through Agency: Ohio Department of Education

Significant Deficiency and Noncompliance – Section N, Special Tests

States, in consultation with LEA's, are required to establish and maintain an assessment system that is valid, reliable and consistent with relevant professional and technical standards. Within their assessment system, SEA, must have policies and procedures to maintain test security and ensure that LEA's implement those policies and procedures.

The District has not adopted any policies or procedures and cannot provide evidence that it has implemented procedures to maintain the security of the assessment tests.

The District should adopt and implement procedures to maintain assessment test security.

Officials Response: See Corrective Action Plan.

**COSHOCTON CITY SCHOOL DISTRICT
COSHOCTON COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Federal Grantor/ Sub-Grantor Program Title	Pass Through Grantor Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE:</u>						
Pass through Ohio Department of Education						
Nutrition Cluster						
National School Breakfast Program	N/A	10.553	184,953	11,959	184,953	11,959
National School Lunch Program	N/A	10.555	557,564	35,878	557,564	35,878
Total Nutrition Cluster			742,517	47,837	742,517	47,837
Total U.S. Department of Agriculture			742,517	47,837	742,517	47,837
<u>U.S. DEPARTMENT OF EDUCATION:</u>						
Pass through Ohio Department of Education						
Title I Cluster:						
Title I Educationally Deprived Children	C1-S1-2014	84.010	82,217	-	140,216	-
	C1-S1-2015		575,412	-	574,360	-
Total Title I Cluster			657,629	-	714,576	-
Special Education Cluster (IDEA):						
Title VI-B Special Education Assistance	6B-SF-2014	84.027	83,515		128,986	
	6B-SF-2015		466,415		465,612	
Total VI-B Special Education Assistance			549,930		594,598	
Special Education Preschool Grants	6B-SF-2014	84.173	5,233		7,433	
	6B-SF-2015		14,866		13,872	
Total Special Education Preschool Grants			20,099		21,305	
Total Special Education Cluster (IDEA)			570,029		615,903	
Rural and Low Income		2014 84.358	495	-	2,995	-
		2015	60,682		59,263	
		2015	7,055	-	7,055	-
Total Rural and Low Income			68,232	-	69,313	-
Improving Teacher Quality	TR-S1-2014	84.367	23,364		31,864	
	TR-S1-2015		79,383	-	65,791	-
Total Improving Teacher Quality			102,747	-	97,655	-
Teacher Incentive Fund (TIF) Cluster:						
Teacher Incentive Fund		2015 84.374	113,074		113,074	
OTIF		2015	577		577	
TIF-Year 3		2013	-		92	
TIF-Year 4		2014	43,662		65,336	
TIF-Year 5		2015	24,522		20,178	
TIF-Year 5 Supplemental		2015	73,476		73,296	
Total Teacher Incentive Fund (TIF)			255,311		272,553	
ARRA-Teacher Incentive Fund, Recovery Act						
OTIF Incentive Awards		2015 84.385	245,382		245,382	
TIF-Year 4 Supplemental		2014	(3,866)		1,938	
TIF ARRA		2014	30,316		32,816	
Total ARRA-Teacher Incentive Fund, Recovery Act			271,832		280,136	
Total Teacher Incentive Fund (TIF) Cluster			527,143		552,689	
ARRA-Race-to-the-Top Incentive Grants, Recovery Act						
Race to the Top		2014 84.395	11,486		12,479	
Race to the Top		2015	54,207		54,206	
Race to the Top-Mini grant		2014	4,760		9,520	
Race to the Top-Additional		2014	7,998		10,501	
Race to the Top		2014	26,344		26,343	
Total ARRA-Race-to-the-Top Incentive Grants, Recovery Act			104,795		113,049	
Total U.S. Department of Education			2,030,575 #		2,163,185	
Total Federal Awards Expenditures			2,773,092	47,837	2,905,702	47,837

See notes to Schedule of Federal Awards Expenditures.

**COSHOCTON CITY SCHOOL DISTRICT
COSHOCTON COUNTY
NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTES A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTES B – CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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

**COSHOCTON CITY SCHOOL DISTRICT
COSHOCTON COUNTY**

SCHEDULE OF PRIOR AUDIT FINDINGS

June 30, 2015

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2014-001	Financial Reporting Adjustments and Classifications	Yes	Finding No Longer Valid
2014-002	Finding For Recovery Repaid under Audit	Yes	Finding No Longer Valid
2014-003	2 CFR Part 225 Allowable Costs/Activities/Eligibility Period of Availability	No	Partially Corrected: Period of Availability still valid. Repeated as Finding 2015-002
2014-004	2 CFR Part 215.28 Allowable Activities/Costs Period of Availability	Yes	Finding No Longer Valid
2014-005	2 CFR Part 225, Appendix B Subsection . H. 3 - the TIF coordinator did not submit time sheets	Yes	Finding No Longer Valid
2014-006	32 CFR 80.41 (a) Reports not filed as required	No	Not Corrected Repeated as Finding 2015-003
2014-007	32 CFR 80.36 (C) Procurements/Purchases not documented with invoices	Yes	Finding No Longer Valid

**COSHOCTON CITY SCHOOL DISTRICT
COSHOCTON COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133 Sec. .315 (c)
June 30, 2015**

Finding 2015-002

Corrective Action Plan:

We have already placed controls in regards to TIF expenditures based on the FY14 audit report. We corrected most of the Finding from the prior audit and we will be vigilant in reviewing all disbursement activity regarding TIF funds in the area of period of availability.

Anticipated Completion Date: Immediately

Responsible Person: Felicia Drummey, Treasurer.

Finding 2015-003

Corrective Action Plan:

The District relies on the authoritative guidance and follow through provided by the Ohio Department of Education to ensure uniform application of the grants management. The District is currently working on all reports that need to be filed for FER's.

Anticipated Completion Date: Immediately

Responsible Person: Felicia Drummey, Treasurer

Finding 2015-04

Corrective Action Plan:

The District will authorize and implement the proper policies and procedures to ensure that testing is adequately secured.

Anticipated Completion Date: Immediately

Responsible Person: Felicia Drummey, Treasurer

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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
MAY 12, 2016**