

COSHOCTON CITY SCHOOL DISTRICT
ANNUAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

We have reviewed the Independent Auditor's Report of the Coshocton City School District, Coshocton County, prepared by Wolfe, Wilson, & Phillips, Inc., for the audit period July 1, 2001 through June 30, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

December 18, 2002

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**COSHOCTON CITY SCHOOL DISTRICT
COSHOCTON COUNTY**

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**COSHOCTON CITY SCHOOL DISTRICT
COSHOCTON COUNTY**

**ELECTED OFFICIALS
AS OF JUNE 30, 2002**

<u>Board of Education</u>	<u>Title</u>	<u>Term of Office</u>
Robert Weir	President	1/1/01-12/31/04
Tad Johnson	Vice President	1/1/01-12/31/04
James Loos	Member	1/1/00-12/31/03
Dr. Michael McPeak	Member	1/1/00-12/31/03
Christine Cugliari	Member	1/1/00-12/31/03

Statutory Legal Counsel

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

Official Address

Coshocton City School District
1207 Cambridge Road
Coshocton, Ohio 43812

**COSHOCTON CITY SCHOOL DISTRICT
COSHOCTON COUNTY**

**ADMINISTRATIVE PERSONNEL
AS OF JUNE 30, 2002**

Name	Title	Contract Period	Surety	Amount	Period
Gary L. Lowe	Treasurer	1/1/01-12/31/04	(A)	\$ 100,000	1/15/02 to 1/15/05
Wade Lucas	Superintendent	8/1/01-7/31/04	(B)	\$ 25,000	8/1/01 to 8/1/02

(B) Century Surety Company
(B) Utica Mutual Insurance Company

**COSHOCTON CITY SCHOOL DISTRICT
COSHOCTON COUNTY**

INDEX OF FUNDS

GOVERNMENTAL FUND TYPES:

General Fund Type:

.General Fund

Special Revenue Fund Type:

.Public School Support Fund
.Venture Capital Grant Fund
.Athletic Fund
.E-Rate Reimbursement Fund
.Teacher Development Fund
.Education Management Information Systems Fund
.Disadvantaged Pupil Impact Aid Fund
.Parent Mentor Grant Fund
.IDVL Pilot Fund
.Ohio Reads Grant Fund
.Tech Equity Fund
.Education for Economic Security Act Fund
.Title VI-B Fund – Special Education: Assistance to States for Handicapped Children
.Title I Fund – Special Education Needs of Disadvantaged Children
.Title VI Fund – Consolidation of Federal Programs for Elementary and Secondary Education
.EHA Preschool Grant for the Handicapped Fund
.Eisenhower Professional Development State Grant Fund
.School Net Plus Fund
.Title VI-R Class Size Reduction Fund
School to Work
.Auxilliary Service Fund

Debt Service Fund Type:

.Bond Retirement Fund

Capital Projects Fund Type:

.Permanent Improvement Fund
.Technology Equity Grant Fund

PROPRIETARY FUND TYPES:

Enterprise Fund Type:

.Food Service Fund
.Uniform School Supplies Fund

Internal Service Fund Type:

.Internal Rotary Fund
.Employee Benefits Self Insurance Dental Fund

FIDUCIARY FUND TYPES:

Trust Fund Type:

.Special Trust Fund
.Endowment Fund

Agency Fund Type:

.Student Managed Activity Fund

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

INDEPENDENT AUDITORS' REPORT

Board of Education
Coshocton City School District
Coshocton, Ohio

We have audited the accompanying general-purpose financial statements of the Coshocton City School District as of and for the year ended June 30, 2002, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Coshocton City School District as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 25, 2002, on our consideration of Coshocton City School District's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grants. That report is an integral part of an audit in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
October 25, 2002

COSHOCTON CITY SCHOOL DISTRICT, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2002

	<i>Governmental</i>			
	<i>Fund Types</i>			
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds
<u>Assets and Other Debits:</u>				
Assets:				
Cash and Cash Equivalents	\$2,571,264	\$431,781	\$62,140	\$330,017
Receivables (net of allowance for doubtful accounts):				
Taxes	5,520,584	0	0	258,575
Intergovernmental	14,789	56,984	0	0
Interest	4,202	125	0	683
Interfund Loan Receivable	38,500	0	0	0
Inventory of Supplies at Cost	0	0	0	0
Prepaid Items	29,325	0	0	0
Restricted Assets:				
Cash and Cash Equivalents	112,449	0	0	0
Investments	0	0	0	0
Fixed Assets (net of accumulated depreciation)	0	0	0	0
Other Debits:				
Amount Available in Debt Service Fund	0	0	0	0
Amount to be Provided for				
General Long-Term Obligations	0	0	0	0
Total Assets and Other Debits	\$8,291,113	\$488,890	\$62,140	\$589,275
<u>Liabilities, Equity and Other Credits:</u>				
Liabilities:				
Accounts Payable	\$49,986	\$3,922	\$0	\$45,776
Accrued Wages and Benefits	1,065,461	73,891	0	0
Intergovernmental Payables	216,353	13,927	0	0
Interfund Loan Payable	0	37,500	0	0
Due to Students	0	0	0	0
Claims Payable	0	0	0	0
Deferred Revenue	0	56,984	0	0
Deferred Revenue - Taxes	5,434,583	0	0	258,575
Energy Conservation Bond Payable	0	0	0	0
Compensated Absences Payable	0	0	0	0
Capital Leases Payable	0	0	0	0
Total Liabilities	6,766,383	186,224	0	304,351
Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balances:				
Reserved for Encumbrances	409,062	35,863	0	21,785
Reserved for Property Taxes	86,001	0	0	0
Statutory Reserves	68,353	0	0	0
Reserved for Prepaid Items	29,325	0	0	0
Reserved for Endowments	0	0	0	0
Reserved for Debt Service	0	0	62,140	0
Unreserved:				
Undesignated	931,989	266,803	0	263,139
Total Equity and Other Credits	1,524,730	302,666	62,140	284,924
Total Liabilities, Equity and Other Credits	\$8,291,113	\$488,890	\$62,140	\$589,275

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

COSHOCTON CITY SCHOOL DISTRICT, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2002

<i>Proprietary</i>		<i>Fiduciary</i>	<i>Account</i>		Totals (Memorandum Only)
<i>Fund Types</i>		<i>Fund Types</i>	<i>Groups</i>		
Enterprise Funds	Internal Service Funds	Trust and Agency Funds	General Fixed Assets	General Long-Term Obligations	
\$377,381	\$513,722	\$109,671	\$0	\$0	\$4,395,976
0	0	0	0	0	5,779,159
0	0	0	0	0	71,773
899	2,081	949	0	0	8,939
0	0	0	0	0	38,500
14,767	0	0	0	0	14,767
0	0	0	0	0	29,325
0	0	0	0	0	112,449
0	0	433,659	0	0	433,659
110,285	0	0	12,850,850	0	12,961,135
0	0	0	0	62,140	62,140
0	0	0	0	1,973,240	1,973,240
<u>\$503,332</u>	<u>\$515,803</u>	<u>\$544,279</u>	<u>\$12,850,850</u>	<u>\$2,035,380</u>	<u>\$25,881,062</u>
\$33	\$0	\$0	\$0	\$0	\$99,717
36,317	0	0	0	0	1,175,669
28,216	76	7	0	85,019	343,598
0	0	1,000	0	0	38,500
0	0	41,957	0	0	41,957
0	316,046	0	0	0	316,046
9,389	0	0	0	0	66,373
0	0	0	0	0	5,693,158
0	0	0	0	298,556	298,556
18,816	0	0	0	1,576,816	1,595,632
0	0	0	0	74,989	74,989
<u>92,771</u>	<u>316,122</u>	<u>42,964</u>	<u>0</u>	<u>2,035,380</u>	<u>9,744,195</u>
0	0	0	12,850,850	0	12,850,850
104,372	0	0	0	0	104,372
306,189	199,681	0	0	0	505,870
0	0	537	0	0	467,247
0	0	0	0	0	86,001
0	0	0	0	0	68,353
0	0	0	0	0	29,325
0	0	446,121	0	0	446,121
0	0	0	0	0	62,140
0	0	54,657	0	0	1,516,588
<u>410,561</u>	<u>199,681</u>	<u>501,315</u>	<u>12,850,850</u>	<u>0</u>	<u>16,136,867</u>
<u>\$503,332</u>	<u>\$515,803</u>	<u>\$544,279</u>	<u>\$12,850,850</u>	<u>\$2,035,380</u>	<u>\$25,881,062</u>

COSHOCTON CITY SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	<i>Governmental</i>			<i>Fiduciary</i>		Totals (Memorandum Only)
	<i>Fund Types</i>			<i>Fund Type</i>		
	General	Special	Debt	Capital	Expendable	
	Fund	Revenue	Service	Projects	Trust	
	Fund	Funds	Fund	Funds	Fund	
Revenues:						
Local Sources:						
Taxes	\$5,678,716	\$0	\$76,904	\$272,033	\$0	\$6,027,653
Investment Earnings	53,114	2,815	0	3,706	257	59,892
Extracurricular Activities	0	174,097	0	0	0	174,097
Class Material and Fees	12,225	167	0	0	0	12,392
Intergovernmental - State	7,277,944	436,250	0	105,433	0	7,819,627
Intergovernmental - Federal	0	509,668	0	0	0	509,668
All Other Revenues	5,832	22,412	0	72,699	40,775	141,718
Total Revenues	13,027,831	1,145,409	76,904	453,871	41,032	14,745,047
Expenditures:						
Current:						
Instruction	7,188,670	502,698	0	0	0	7,691,368
Supporting Services:						
Pupils	533,728	5,994	0	0	0	539,722
Instructional Staff	418,532	381,894	0	12,500	16,133	829,059
Board of Education	116,893	0	0	0	0	116,893
Administration	995,123	62,831	0	0	0	1,057,954
Fiscal Services	440,616	0	0	8,996	0	449,612
Business	149,965	0	0	0	0	149,965
Operation and Maintenance of Plant	1,319,101	0	0	27,149	0	1,346,250
Pupil Transportation	170,151	0	0	0	0	170,151
Central	10,866	0	0	0	0	10,866
Community Services	14,313	63,959	0	0	625	78,897
Extracurricular Activities	158,652	174,330	0	0	0	332,982
Capital Outlay	40,083	0	0	362,662	0	402,745
Debt Service:						
Principal Retirement	0	0	50,000	0	0	50,000
Interest and Fiscal Charges	0	0	19,689	0	0	19,689
Total Expenditures	11,556,693	1,191,706	69,689	411,307	16,758	13,246,153
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,471,138	(46,297)	7,215	42,564	24,274	1,498,894
Other Financing Sources (Uses):						
Refunds of Prior Years' Expenditures	2,159	0	0	0	0	2,159
Operating Transfers In	335	11,710	0	0	0	12,045
Operating Transfers Out	(11,710)	(335)	0	0	0	(12,045)
Other Financing Sources - Capital Leases	33,083	0	0	0	0	33,083
Total Other Financing Sources (Uses)	23,867	11,375	0	0	0	35,242
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,495,005	(34,922)	7,215	42,564	24,274	1,534,136
Fund Balance Beginning of Year	29,725	337,588	54,925	242,360	30,920	695,518
Fund Balance End of Year	\$1,524,730	\$302,666	\$62,140	\$284,924	\$55,194	\$2,229,654

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

COSHOCTON CITY SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FISCAL YEAR ENDED JUNE 30, 2002

	<i>General Fund</i>			<i>Special Revenue Funds</i>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Local Sources:						
Taxes	\$5,637,782	\$5,637,567	(\$215)	\$0	\$0	\$0
Investment Earnings	49,489	49,202	(287)	2,079	2,710	631
Extracurricular Activities	0	0	0	170,624	174,097	3,473
Class Material and Fees	11,500	12,225	725	7,195	167	(7,028)
Intergovernmental - State	7,272,552	7,279,398	6,846	438,592	436,250	(2,342)
Intergovernmental - Federal	0	0	0	555,470	509,668	(45,802)
All Other Revenues	5,551	5,926	375	23,056	22,412	(644)
Total Revenues	12,976,874	12,984,318	7,444	1,197,016	1,145,304	(51,712)
Expenditures:						
Current:						
Instruction	7,314,114	7,188,543	125,571	572,946	500,865	72,081
Supporting Services:						
Pupils	556,577	541,274	15,303	25,911	5,955	19,956
Instructional Staff	470,270	436,471	33,799	448,676	409,628	39,048
Board of Education	120,462	116,760	3,702	0	0	0
Administration	1,014,605	992,666	21,939	78,806	72,490	6,316
Fiscal Services	453,821	446,676	7,145	0	0	0
Business	270,355	254,159	16,196	1,180	0	1,180
Operation and Maintenance of Plant	1,550,463	1,527,925	22,538	0	0	0
Pupil Transportation	183,718	179,566	4,152	0	0	0
Central	12,269	10,996	1,273	0	0	0
Community Services	14,556	14,446	110	105,310	71,377	33,933
Extracurricular Activities	175,354	162,104	13,250	195,636	185,333	10,303
Capital Outlay	13,400	13,353	47	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	12,149,964	11,884,939	265,025	1,428,465	1,245,648	182,817
Excess (Deficiency) of Revenues Over (Under) Expenditures	826,910	1,099,379	272,469	(231,449)	(100,344)	131,105
Other Financing Sources (Uses):						
Refunds of Prior Years' Expenditures	2,159	2,159	0	0	0	0
Refunds of Prior Years' Receipts	(30,000)	(30,000)	0	0	0	0
Operating Transfers In	335	335	0	11,710	11,710	0
Operating Transfers Out	(11,710)	(11,710)	0	(423)	(335)	88
Advances In	9,154	9,154	0	30,000	30,000	0
Advances Out	0	0	0	(9,154)	(9,154)	0
Total Other Financing Sources (Uses)	(30,062)	(30,062)	0	32,133	32,221	88
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	796,848	1,069,317	272,469	(199,316)	(68,123)	131,193
Fund Balance at Beginning of Year	916,946	916,946	0	383,823	383,823	0
Prior Year Encumbrances	243,031	243,031	0	76,955	76,955	0
Fund Balance at End of Year	\$1,956,825	\$2,229,294	\$272,469	\$261,462	\$392,655	\$131,193

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

(Continued)

COSHOCTON CITY SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FISCAL YEAR ENDED JUNE 30, 2002

	<i>Debt Service Fund</i>			<i>Capital Projects Funds</i>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Local Sources:						
Taxes	\$73,674	\$76,904	\$3,230	\$272,944	\$272,033	(\$911)
Investment Earnings	0	0	0	3,900	3,120	(780)
Extracurricular Activities	0	0	0	0	0	0
Class Material and Fees	0	0	0	0	0	0
Intergovernmental - State	0	0	0	106,880	105,433	(1,447)
Intergovernmental - Federal	0	0	0	0	0	0
All Other Revenues	0	0	0	72,980	72,699	(281)
Total Revenues	73,674	76,904	3,230	456,704	453,285	(3,419)
Expenditures:						
Current:						
Instruction	0	0	0	0	0	0
Supporting Services:						
Pupils	0	0	0	0	0	0
Instructional Staff	0	0	0	44,365	12,500	31,865
Board of Education	0	0	0	0	0	0
Administration	0	0	0	0	0	0
Fiscal Services	0	0	0	8,996	8,996	0
Business	0	0	0	0	0	0
Operation and Maintenance of Plant	0	0	0	27,650	27,149	501
Pupil Transportation	0	0	0	0	0	0
Central	0	0	0	0	0	0
Community Services	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Capital Outlay	0	0	0	455,224	371,021	84,203
Debt Service:						
Principal Retirement	50,000	50,000	0	0	0	0
Interest and Fiscal Charges	19,687	19,689	(2)	0	0	0
Total Expenditures	69,687	69,689	(2)	536,235	419,666	116,569
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,987	7,215	3,228	(79,531)	33,619	113,150
Other Financing Sources (Uses):						
Refunds of Prior Years' Expenditures	0	0	0	0	0	0
Refunds of Prior Years' Receipts	0	0	0	0	0	0
Operating Transfers In	0	0	0	0	0	0
Operating Transfers Out	0	0	0	0	0	0
Advances In	0	0	0	0	0	0
Advances Out	0	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	3,987	7,215	3,228	(79,531)	33,619	113,150
Fund Balance at Beginning of Year	54,925	54,925	0	209,101	209,101	0
Prior Year Encumbrances	0	0	0	63,336	63,336	0
Fund Balance at End of Year	\$58,912	\$62,140	\$3,228	\$192,906	\$306,056	\$113,150

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COSHOCTON CITY SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FISCAL YEAR ENDED JUNE 30, 2002

	<i>Totals (Memorandum Only)</i>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Local Sources:			
Taxes	\$5,984,400	\$5,986,504	\$2,104
Investment Earnings	55,468	55,032	(436)
Extracurricular Activities	170,624	174,097	3,473
Class Material and Fees	18,695	12,392	(6,303)
Intergovernmental - State	7,818,024	7,821,081	3,057
Intergovernmental - Federal	555,470	509,668	(45,802)
All Other Revenues	101,587	101,037	(550)
Total Revenues	<u>14,704,268</u>	<u>14,659,811</u>	<u>(44,457)</u>
<u>Expenditures:</u>			
Current:			
Instruction	7,887,060	7,689,408	197,652
Supporting Services:			
Pupils	582,488	547,229	35,259
Instructional Staff	963,311	858,599	104,712
Board of Education	120,462	116,760	3,702
Administration	1,093,411	1,065,156	28,255
Fiscal Services	462,817	455,672	7,145
Business	271,535	254,159	17,376
Operation and Maintenance of Plant	1,578,113	1,555,074	23,039
Pupil Transportation	183,718	179,566	4,152
Central	12,269	10,996	1,273
Community Services	119,866	85,823	34,043
Extracurricular Activities	370,990	347,437	23,553
Capital Outlay	468,624	384,374	84,250
Debt Service:			
Principal Retirement	50,000	50,000	0
Interest and Fiscal Charges	19,687	19,689	(2)
Total Expenditures	<u>14,184,351</u>	<u>13,619,942</u>	<u>564,409</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	519,917	1,039,869	519,952
<u>Other Financing Sources (Uses):</u>			
Refunds of Prior Years' Expenditures	2,159	2,159	0
Refunds of Prior Years' Receipts	(30,000)	(30,000)	0
Operating Transfers In	12,045	12,045	0
Operating Transfers Out	(12,133)	(12,045)	88
Advances In	39,154	39,154	0
Advances Out	(9,154)	(9,154)	0
Total Other Financing Sources (Uses)	<u>2,071</u>	<u>2,159</u>	<u>88</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	521,988	1,042,028	520,040
Fund Balance at Beginning of Year	1,564,795	1,564,795	0
Prior Year Encumbrances	383,322	383,322	0
Fund Balance at End of Year	<u>\$2,470,105</u>	<u>\$2,990,145</u>	<u>\$520,040</u>

COSHOCTON CITY SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS/FUND BALANCE
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	<i>Proprietary</i>		<i>Fiduciary</i>	Totals (Memorandum Only)
	<i>Fund Types</i>		<i>Fund Type</i>	
	Enterprise Funds	Internal Service Funds	Nonexpendable Trust Fund	
<u>Operating Revenues:</u>				
Tuition and Fees	\$37,663	\$29,313	\$0	\$66,976
Sales	305,247	0	0	305,247
Other Operating Revenues	0	1,419,759	0	1,419,759
Investment Earnings	0	0	7,088	7,088
Total Operating Revenues	342,910	1,449,072	7,088	1,799,070
<u>Operating Expenses:</u>				
Salaries and Wages	230,722	13,295	0	244,017
Fringe Benefits	80,517	0	0	80,517
Contractual Services	13,657	1,558,515	0	1,572,172
Materials and Supplies	356,426	295	0	356,721
Depreciation	12,594	0	0	12,594
Other Operating Expenses	16,843	14,575	22,163	53,581
Total Operating Expenses	710,759	1,586,680	22,163	2,319,602
Operating Loss	(367,849)	(137,608)	(15,075)	(520,532)
<u>Non-Operating Revenues:</u>				
Operating Grants	333,315	0	2,800	336,115
Federally Donated Commodities	35,351	0	0	35,351
Investment Earnings	4,190	8,961	0	13,151
Miscellaneous	0	264	0	264
Total Non-Operating Revenues	372,856	9,225	2,800	384,881
Net Income (Loss)	5,007	(128,383)	(12,275)	(135,651)
Retained Earnings/Fund Balance at Beginning of Year	301,182	328,064	458,396	1,087,642
Retained Earnings/Fund Balance at End of Year	\$306,189	\$199,681	\$446,121	\$951,991

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

COSHOCTON CITY SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	<i>Proprietary</i>		<i>Fiduciary</i>	Totals (Memorandum Only)
	<i>Fund Types</i>		<i>Fund Type</i>	
	Enterprise Funds	Internal Service Funds	Nonexpendable Trust Fund	
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$305,247	\$0	\$0	\$305,247
Cash Received from Tuition and Fee Payments	37,663	29,577	0	67,240
Cash Received from Interfund Charges	0	1,419,759	0	1,419,759
Cash Payments for Goods and Services	(346,887)	(1,410,474)	(22,163)	(1,779,524)
Cash Payments to Employees for Services and Benefits	(301,733)	(13,219)	0	(314,952)
Net Cash Provided (Used) by Operating Activities	<u>(305,710)</u>	<u>25,643</u>	<u>(22,163)</u>	<u>(302,230)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>				
Operating Grants Received	<u>333,315</u>	<u>0</u>	<u>2,800</u>	<u>336,115</u>
Net Cash Provided by Noncapital Financing Activities	<u>333,315</u>	<u>0</u>	<u>2,800</u>	<u>336,115</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Acquisition and Construction of Assets	<u>(10,114)</u>	<u>0</u>	<u>0</u>	<u>(10,114)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(10,114)</u>	<u>0</u>	<u>0</u>	<u>(10,114)</u>
<u>Cash Flows from Investing Activities:</u>				
Receipts of Interest	3,411	7,124	10,847	21,382
Sale of Investment	<u>0</u>	<u>0</u>	<u>11,184</u>	<u>11,184</u>
Net Cash Provided by Investing Activities	<u>3,411</u>	<u>7,124</u>	<u>22,031</u>	<u>32,566</u>
Net Increase (Decrease) in Cash and Cash Equivalents	20,902	32,767	2,668	56,337
Cash and Cash Equivalents at Beginning of Year	<u>356,479</u>	<u>480,955</u>	<u>9,845</u>	<u>847,279</u>
Cash and Cash Equivalents at End of Year	<u><u>\$377,381</u></u>	<u><u>\$513,722</u></u>	<u><u>\$12,513</u></u>	<u><u>\$903,616</u></u>
<u>Reconciliation of Cash and Cash Equivalents per the Balance Sheet:</u>				
Cash and Cash Equivalents	\$377,381	\$513,722	\$109,671	\$1,000,774
Less: Cash and Cash Equivalents in Agency Fund	0	0	(41,957)	(41,957)
Less: Cash and Cash Equivalents in Expendable Trust Fund	0	0	(55,201)	(55,201)
Cash and Cash Equivalents at End of Year	<u><u>\$377,381</u></u>	<u><u>\$513,722</u></u>	<u><u>\$12,513</u></u>	<u><u>\$903,616</u></u>

(Continued)

COSHOCTON CITY SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	<i>Proprietary</i>		<i>Fiduciary</i>	Totals (Memorandum Only)
	<i>Fund Types</i>		<i>Fund Type</i>	
	Enterprise Funds	Internal Service Funds	Nonexpendable Trust Fund	
<u>Reconciliation of Operating Loss to Net Cash</u>				
<u>Provided (Used) by Operating Activities:</u>				
Operating Loss	(\$367,849)	(\$137,608)	(\$15,075)	(\$520,532)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities:				
Miscellaneous Non-Operating Income	0	264	0	264
Depreciation Expense	12,594	0	0	12,594
Donated Commodities Used During the Year	35,351	0	0	35,351
Interest on Investment	0	0	(7,088)	(7,088)
Changes in Assets and Liabilities:				
Decrease in Inventory	3,071	0	0	3,071
Increase in Accounts Payable	33	0	0	33
Increase in Accrued Wages and Benefits	3,413	0	0	3,413
Increase in Intergovernmental Payables	4,031	76	0	4,107
Increase in Deferred Revenue	1,584	0	0	1,584
Increase in Claims Payable	0	162,911	0	162,911
Increase in Compensated Absences	2,062	0	0	2,062
Total Adjustments	<u>62,139</u>	<u>163,251</u>	<u>(7,088)</u>	<u>218,302</u>
Net Cash Provided (Used) by Operating Activities	<u>(\$305,710)</u>	<u>\$25,643</u>	<u>(\$22,163)</u>	<u>(\$302,230)</u>

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

COSHOCTON CITY SCHOOL DISTRICT, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

The District is governed by a locally elected five member Board of Education (the Board) which provides educational services. The Board controls the District's instructional support facilities staffed by approximately 90 noncertified and approximately 153 certified teaching personnel and administrative employees providing education to 1,990 students.

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

Coshocton City School District participates in four organizations which are defined as jointly governed organizations and an insurance purchasing pool. These organizations are the Ohio Mid-Eastern Regional Education Service Association, the Coshocton County Joint Vocational School District, the Coshocton County Tax Incentive Review Council, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Note 20 to the general purpose financial statements.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting

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

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

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

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

Fiduciary Funds

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

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

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

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

C. Basis of Accounting

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Current property taxes measurable at June 30, 2002, and which are not intended to finance fiscal 2002 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year end. Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2002 are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year end.

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

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

D. Budgetary Process

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

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

1. Tax Budget

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

2. Estimated Resources

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

2. Estimated Resources (Continued)

budget then serves as the basis for the annual appropriations measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year 2002.

3. Appropriations

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

4. Encumbrances

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

5. Lapsing of Appropriations

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

6. Budgetary Basis of Accounting

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

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

	Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses			
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds
GAAP Basis (as reported)	\$1,495,005	(\$34,922)	\$7,215	\$42,564
Increase (Decrease):				
Accrued Revenues at June 30, 2002, received during FY 2003	(143,492)	(125)	0	(683)
Accrued Revenues at June 30, 2001, received during FY 2002	79,133	20	0	97
Accrued Expenditures at June 30, 2002, paid during FY 2003	1,331,800	112,586	0	45,776
Accrued Expenditures at June 30, 2001, paid during FY 2002	(1,241,158)	(106,556)	0	(30,174)
FY 2001 Prepays for FY 2002	31,773	0	0	0
FY 2002 Prepays for FY 2003	(29,325)	0	0	0
Encumbrances Outstanding at June 30, 2002	(454,419)	(39,126)	0	(23,961)
Budget Basis	<u>\$1,069,317</u>	<u>(\$68,123)</u>	<u>\$7,215</u>	<u>\$33,619</u>

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Cash Equivalents

During fiscal year 2002, cash and cash equivalents included amounts in demand deposits, certificates of deposit with original maturities of greater than three months, repurchase agreements, government securities and the State Treasury Asset Reserve (STAR Ohio). STAR Ohio is a very liquid investment and is reported as a cash equivalent in the general purpose financial statements.

The District pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 5, "Cash, Cash Equivalents and Investments."

F. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the District records all its investments at fair value except for nonparticipating investment contracts (repurchase agreements and certificates of deposit) which are reported at cost. See Note 5, "Cash, Cash Equivalents and Investments."

The District has invested funds in the STAR Ohio during 2002. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2002.

G. Inventory

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

H. Fixed Assets and Depreciation

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

1. Property, Plant and Equipment - General Governmental Purposes

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fixed Assets and Depreciation (Continued)

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

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

2. Property, Plant and Equipment - Proprietary Fund

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

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

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

I. Long-Term Obligations

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

<u>Obligation</u>	<u>Fund</u>
General Obligation Bond	Bond Retirement Fund
Capital Leases	General Fund, School Net Plus Fund
Compensated Absences	General Fund, Food Services Fund

J. Compensated Absences

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Compensated Absences (Continued)

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

K. Pensions

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

L. Interfund Transactions

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

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

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

M. Reservations of Fund Balance

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

N. Restricted Assets

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Total Columns on Combined Financial Statements - Overview

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

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficits - The fund deficits at June 30, 2002 of \$10,924 Disadvantaged Pupil Impact Aid Fund, \$73 in the Summer Intervention Fund, \$2,029 in the Title VI-B Special Education Fund, \$7,287 in the Chapter I Fund and \$20,685 in the Ohio Reads Grant Fund (special revenue funds), arise from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. Deficits does not exist under the cash basis of accounting.

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

- 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;

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

- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the District places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in GASB Statement No. 3, "*Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements,*" collateral held in single financial institution collateral pools with securities being held by the pledging financial institutions' agent in the pool's name are classified as Category 3. The Governmental Accounting Standards Board has established risk categories for deposits and investments as follows:

Deposits:

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

Investments:

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

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

A. Deposits

At year end the carrying amount of the District's deposits was \$103,799 and the bank balance was \$129,069. Federal depository insurance covered \$100,000 of the bank balance, and all remaining deposits were classified as Category 3. In accordance with Ohio Revised Code, the remaining balance was covered by pooled collateral.

B. Investments

The District's investments at June 30, 2002 were as follows:

	<u>Category 1</u>	<u>Category 2</u>	<u>Fair Value</u>
Categorized Investments			
Repurchase Agreements	\$0	\$3,712,359	\$3,712,359
Common Stock/Government Securities	325,069	0	325,069
Noncategorized Investments			
Mutual Funds	N/A	N/A	31,590
STAR Ohio	N/A	N/A	769,267
Total Investments	<u>\$325,069</u>	<u>\$3,712,359</u>	<u>\$4,838,285</u>

C. Reconciliation of Cash, Cash Equivalents and Investments

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

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Per Combined Balance Sheet	\$4,508,425	\$433,659
Certificates of Deposit (with maturities of greater than 3 months)	77,000	(77,000)
Investments:		
STAR Ohio	(769,267)	769,267
Repurchase Agreements	(3,712,359)	3,712,359
Per GASB Statements No. 3	<u>\$103,799</u>	<u>\$4,838,285</u>

NOTE 4 - PROPERTY TAXES

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the District. Real property taxes (other than public utility) collected during 2002 were levied after October 1, 2001 on assessed values as of January 1, 2001, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments made the third year following reappraisal. The last revaluation was completed in 1994, and equalization adjustments were made in 1997. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

NOTE 4 - PROPERTY TAXES (Continued)

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

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

The County Treasurer collects property taxes on behalf of all taxing districts in the County including Coshocton City School District. The County Auditor periodically remits to the District its portion of the taxes collected. The assessed values for collection in 2002, upon which the 2001 levies were based, were as follows:

Agricultural/Residential and Other Real Estate	\$135,316,260
Public Utility Personal	6,971,090
Tangible Personal Property	<u>32,500,532</u>
Total Assessed Value	<u>\$174,787,882</u>
Tax rate per \$1,000 of assessed valuation	\$51.35

NOTE 5 - RECEIVABLES

Receivables at June 30, 2002 consisted of taxes, interest, interfund receivables and intergovernmental receivables.

NOTE 6 - OPERATING TRANSFERS

Following is a summary of operating transfers in and out for all funds at June 30, 2002:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$335	\$11,710
Special Revenue Funds:		
Public School Support Fund	0	133
District Managed Student Activity Fund	<u>11,710</u>	<u>202</u>
Total Special Revenue Funds	<u>11,710</u>	<u>335</u>
Total All Funds	<u>\$12,045</u>	<u>\$12,045</u>

NOTE 7 - INTERFUND RECEIVABLES/PAYABLES

Following is a summary of interfund receivables/payables for all funds at June 30, 2002:

	Interfund Loan Receivable	Interfund Loan Payable
General Fund	\$38,500	\$0
Special Revenue Funds:		
District Managed Student Activity Fund	0	7,500
Ohio Reads Grant Fund	0	30,000
Total Special Revenue Funds	0	37,500
Nonexpendable Trust Fund:		
Endowment Trust Fund	0	1,000
Totals	<u>\$38,500</u>	<u>\$38,500</u>

NOTE 8 - FIXED ASSETS

A. General Fixed Assets

Summary by category of changes in general fixed assets at June 30, 2002:

Class	June 30, 2001	Additions	Deletions	June 30, 2002
Land and Improvements	\$466,205	\$0	\$0	\$466,205
Buildings and Improvements	9,162,130	37,783	0	9,199,913
Machinery and Equipment	2,535,136	186,517	(3,891)	2,717,762
Vehicles	466,970	0	0	466,970
Totals	<u>\$12,630,441</u>	<u>\$224,300</u>	<u>(\$3,891)</u>	<u>\$12,850,850</u>

B. Proprietary Fixed Assets

Summary by Category at June 30, 2002:

Category	Historical Cost	Accumulated Depreciation	Book Value
Machinery and Equipment	\$245,434	(\$135,149)	\$110,285
Total Property, Plant and Equipment	<u>\$245,434</u>	<u>(\$135,149)</u>	<u>\$110,285</u>

NOTE 9 - DEFINED BENEFIT PENSION PLANS

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

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

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

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

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 9% respectively. The contribution rates are determined actuarially, and are established and may be amended, up to statutory amounts, by the School Employees Retirement Board (Retirement Board) within the rates allowed by State statute. The required employer contribution rate is allocated to basic retirement benefits and health care by the Retirement Board. At June 30, 2001, (latest information available) 4.2% was allocated to fund the pension benefit and 9.8% to fund health care. The District's contributions to the SERS of Ohio for the years ending June 30, 2002, 2001, and 2000 were \$256,680, \$245,772, and \$237,498, respectively, which were equal to the required contributions for each year.

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989 with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium. The portion of the 2001 employer contribution rate (latest information available) that was used to fund health care for the year 2001 was 9.8%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between minimum pay and the member's pay, prorated for partial service credit. For fiscal year 2002, the minimum pay has been established as \$12,400. The amount contributed to fund health care benefits, including the surcharge amounted to \$198,562.

Health care benefits are financed on a pay-as-you-go basis. The number of retirees and covered dependents currently receiving benefits is approximately 50,000. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2001 (the latest information available) were \$161,439,934 and the target level was \$242.2 million. Net assets available for payment of benefits at June 30, 2001 was \$315.7 million.

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 9.3%, respectively. The contribution requirements of plan members and the District are established and may be amended by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. At June 30, 2001, (latest information available) 9.5% was allocated to fund the pension benefit and 4.5% to fund health care. The District's contributions to the STRS of Ohio for the years ending June 30, 2002, 2001, and 2000 were \$919,320, \$888,036, and \$843,516, respectively, which were equal to the required contributions for each year.

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

Benefits are funded on a pay-as-you-go basis through an allocation of employer contributions to a Health Care Reserve Fund. For the fiscal year ended June 30, 2001, (latest information available) the board allocated employer contributions are equal to 4.5% of covered payroll to the Health Care Reserve Fund, which amounted to \$295,496 for the District. The balance of the Health Care Reserve Fund was \$3.256 billion at June 30, 2001 (the latest information available). For the fiscal year ended June 30, 2001, the net health care costs paid by STRS were \$369,354,000. There were 102,132 eligible benefit recipients.

NOTE 10 - COMPENSATED ABSENCES

The District provides a liability for accumulated unpaid sick leave. Accrued employee benefits for governmental funds not currently due and payable at year end are recorded in the General Long-Term Obligations Account Group. At June 30, 2002, the total accumulated unpaid sick leave recorded in the General Long-Term Obligations Account Group was \$1,576,816.

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

NOTE 11 - GENERAL LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS

Detail of the changes in the bonds, intergovernmental payable, capital leases, and compensated absences of the District for the year ended June 30, 2002 is as follows:

		Balance June 30, 2001	Issued (Retired)	Balance June 30, 2002
General Long-Term Debt:				
(General Obligation Bond)				
Energy Conservation Project	6.00%	\$348,556	(\$50,000)	\$298,556
Total General Long-Term Debt		348,556	(50,000)	298,556
Other General Long-Term Obligations:				
Capital Leases Payable		73,568	33,083	
			(31,662)	74,989
Intergovernmental Payable		83,406	1,613	85,019
Compensated Absences Payable		1,308,247	268,569	1,576,816
Total Other General Long-Term Obligations		1,465,221	271,603	1,736,824
Total General Long-Term Debt and Other General Long-Term Obligations		<u>\$1,813,777</u>	<u>\$221,603</u>	<u>\$2,035,380</u>

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, 2002, follows:

Years	General Obligation Bond		
	Principal	Interest	Total
2003	\$53,000	\$16,537	\$69,537
2004	56,000	13,221	69,221
2005	60,000	9,723	69,723
2006	63,000	5,949	68,949
2007	66,556	2,008	68,564
Totals	<u>\$298,556</u>	<u>\$47,438</u>	<u>\$345,994</u>

NOTE 12 - CAPITALIZED LEASES

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

The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2002:

<u>Year Ending June 30,</u>	<u>Capital Leases</u>
2003	\$32,610
2004	27,353
2005	14,993
2006	8,049
2007	<u>1,341</u>
Minimum Lease Payments	84,346
Less: Amount representing interest at the District's incremental borrowing rate of interest	<u>(9,357)</u>
Present Value of minimum lease payments	<u><u>\$74,989</u></u>

NOTE 13 – STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 2002, the reserve activity (cash-basis) was as follows:

	<u>Textbook Reserve</u>	<u>Capital Acquisition Reserve</u>	<u>Budget Stabilization Reserve</u>	<u>Total</u>
Set-aside Cash Balance as of June 30, 2001	\$0	\$0	\$68,353	\$68,353
Current Year Set-Aside Requirement	239,570	239,570	0	479,140
Current Year Offset Credits	0	(269,349)	0	0
Qualifying Disbursements	<u>(195,474)</u>	<u>0</u>	<u>0</u>	<u>(195,474)</u>
Total	<u>\$44,096</u>	<u>(\$29,779)</u>	<u>\$68,353</u>	<u>\$352,019</u>
Cash Balance Carried Forward to FY 2003	<u>\$44,096</u>	<u>\$0</u>	<u>\$68,353</u>	112,449
Amount Restricted				<u>112,449</u>
Total Restricted Assets				<u><u>\$112,449</u></u>

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

NOTE 14 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The District maintains two Enterprise Funds to account for the operation of Food Services and Uniform School Supply Sales. The key financial information for the year ended June 30, 2002 for these enterprise activities is as follows:

	Food Services	Uniform School Supply	Total
Operating Revenues	\$305,247	\$37,663	\$342,910
Depreciation Expense	12,468	126	12,594
Operating Income (Loss)	(392,056)	24,207	(367,849)
Net Income (Loss)	(19,200)	24,207	5,007
Operating Grants	333,315	0	333,315
Federal Donated Commodities	35,351	0	35,351
Property, Plant and Equipment:			
Additions	10,114	0	10,114
Total Assets	356,232	147,100	503,332
Net Working Capital	173,155	145,937	319,092
Total Equity	263,494	147,067	410,561

NOTE 15 - CONTRIBUTED CAPITAL

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

	Food Services Fund
Contributed Capital at June 30, 2002	<u>\$104,372</u>

NOTE 16 - RISK MANAGEMENT

A. Insurance Purchasing Pool

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

NOTE 16- RISK MANAGEMENT (Continued)

B. Other Insurance

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During fiscal year 2002 the District contracted with Nationwide Insurance Company for various insurance coverages, as follows:

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

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

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

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

The School District also maintains a limited risk dental and prescription insurance program for employees. Premiums are paid to a third party administrator, Acordia Benefits Plans Inc. The claims are processed by the third party administrator and monitored by the School District in conjunction with the third party administrator. An internal service fund is presented in the financial statements and reflects premiums paid into the self-insurance fund by other funds which are available to pay claims and administrative costs, and establish claims reserves. The outstanding claims at June 30, 2002, for the dental and prescription self-insurance programs amounted to \$316,046.

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

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

NOTE 16 - RISK MANAGEMENT (Continued)

B. Other Insurance (Continued)

The claims liability of \$316,046 reported in the fund at June 30, 2002 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 2002 were:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year End</u>
2001	\$166,675	\$1,239,161	(\$1,252,701)	\$153,135
2002	153,135	1,558,515	(1,395,604)	316,046

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

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

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

B. Coshocton County Joint Vocational School District

The Coshocton County Joint Vocational School is a separate body politic and corporate, established by the Ohio Revised Code to provide for the vocational and special education needs of the students. The Joint Vocational School Board of Education is comprised of representatives from the Board of Education of each participating school district. The Joint Vocational School Board of Education is responsible for approving its own budgets, appointing personnel, and accounting and finance related activities. The Coshocton City School District students may attend the Joint Vocational School. Each participating School District's control is limited to its representation on the Joint Vocational School Board of Education. During fiscal year 2002, no monies were paid to the Joint Vocational School from the Coshocton City School District.

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

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

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

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

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

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

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

D. Coshocton County Tax Incentive Review Council

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

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

NOTE 18 - CONTINGENCIES

A. Grants

The District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2002.

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, 2002.

C. State School Funding

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

The State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001. In November 2001, the Court granted the request for reconsideration, but also ordered the parties to participate in a settlement conference with a court appointed mediator. On March 21, 2002, the mediator issues his final report indicating that the conference was unable to produce a settlement. The case is now under reconsideration by the Court.

As of the date of these financial statements, the District is unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

COSHOCTON CITY SCHOOL DISTRICT, OHIO
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Balance June 30, 2001	Additions	Deductions	Balance June 30, 2002
<u>Student Managed Activity Fund</u>				
Assets:				
Cash and Cash Equivalents	\$50,729	\$50,613	(\$59,385)	\$41,957
Total Assets	<u>\$50,729</u>	<u>\$50,613</u>	<u>(\$59,385)</u>	<u>\$41,957</u>
Liabilities:				
Accounts Payable	\$4,263	\$0	(\$4,263)	\$0
Intergovernmental Payable	110	0	(110)	0
Due to Students	46,356	50,613	(55,012)	41,957
Total Liabilities	<u>\$50,729</u>	<u>\$50,613</u>	<u>(\$59,385)</u>	<u>\$41,957</u>

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

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

Board of Education
Coshocton City School District
Coshocton, Ohio

We have audited the general-purpose financial statements of Coshocton City School District as of and for the year ended June 30, 2002, and have issued our report thereon dated October 25, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Coshocton City School District's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which we have reported to management of Coshocton City School District in a separate letter dated October 25, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Coshocton City School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the District in a separate letter dated October 25, 2002.

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

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
October 25, 2002

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

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

Board of Education
Coshocton City School District
Coshocton, Ohio

Compliance

We have audited the compliance of Coshocton City School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2002. Coshocton City School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Coshocton City School District management. Our responsibility is to express an opinion on Coshocton City School District's compliance based on our audit.

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

In our opinion, the Coshocton City School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2002.

Internal Control Over Compliance

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

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

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

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
October 25, 2002

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

1. Summary of Auditor's Results

(d)(1)(I)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	NO
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	NO
(d)(1)(iii)	Was there any reported non-compliance at the financial statement level (GAGAS)?	NO
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	NO
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	NO
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section. 510?	NO
(d)(1)(vii)	Major Programs:	Nutrition Cluster; CFDA #10.550 CFDA #10.553 CFDA #10.555
(d)(1)(viii)	Dollar Threshold: Type A\B Programs:	Type A: >\$300,000; Type B: All Others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

NONE

3. Findings and Questioned Costs for Federal Awards

NONE

**COSHOCTON CITY SCHOOL DISTRICT
COSHOCTON COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

Federal Grantor/ Sub-Grantor Program Title	Pass Through Entity 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	\$58,590	-	58,590	-
National School Lunch Program	n/a	10.555	252,573	-	252,573	-
Food Distribution Program	n/a	10.550	-	36,935	-	35,351
Total Nutrition Cluster			311,163	36,935	311,163	35,351
Total U.S. Department of Agriculture			311,163	36,935	311,163	35,351
<u>U.S. DEPARTMENT OF EDUCATION:</u>						
Pass through Ohio Department of Education						
Title I Educationally Deprived Children						
	043828C1S101	84.010	3,871	-	55,852	-
	043828C1S102		142,507	-	122,849	-
			146,378	-	178,701	-
Special Education Cluster:						
Title VI-B Special Education Assistance for handicapped Children						
	0438286BSF01	84.027	15,565	-	30,179	-
	0438286BSF02		214,790	-	183,065	-
	0438286PGSC02		6,670	-	0	-
Preschool Grants for Children with Disabilities						
	043828PG3101	84.173	0	-	5,941	-
	043828PG3102		23,028	-	16,646	-
			260,053	-	235,831	-
Drug Free School Program						
	043828DRS101	84.186	5,732	-	5,732	-
	043828DRS102		7,728	-	7,728	-
			13,460	-	13,460	-
Continuous Improvement Program						
	043828G25299	84.276	-500	-	660	-
	043828G25202		0	-	1,575	-
			-500	-	2,235	-
Eisenhower Professional Dev. Grant						
	043828MSS101	84.281	0	-	2,010	-
	043828MSS102		11,778	-	7,010	-
			11,778	-	9,020	-
Innovative Education Program Strategies						
	043828C2S102	84.298	10,849	-	10,075	-
	043828C2S101		-	-	1,093	-
	043828C2S100		7,431	-	153	-
			18,280	-	11,321	-
Title VI-R Class Size Reduction						
	043828CRS101	84.340	2,359	-	12,391	-
	043828CRS100		63,598	-	56,645	-
			65,957	-	69,036	-
Total U.S. Department of Education			515,406	-	519,604	-
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>						
Pass through Ohio Department of MR/DD						
Medical Assistance - CAFS						
	10040199	93.778	100,598	-	100,598	-
Total Corporation for National and Community Service			100,598	-	100,598	-
Total Federal Awards Expenditures			\$ 927,167	\$ 36,935	\$ 931,365	\$ 35,351

See notes to Schedule of Federal Awards Expenditures.

COSHOCTON CITY SCHOOL DISTRICT
NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTES A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTES B – FOOD DISTRIBUTION

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



STATE OF OHIO
OFFICE OF THE AUDITOR

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COSHOCTON CITY SCHOOL DISTRICT

COSHOCTON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 2, 2003**