



**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Coldwater Exempted Village School District
Mercer County
310 North Second Street
Coldwater, Ohio 45828

To the Board of Education:

We have audited the accompanying general-purpose financial statements of Coldwater Exempted Village School District, Mercer County, (the School District) as of and for the year ended June 30, 2000 as listed in the table of contents. These general-purpose financial statements are the responsibility of the School 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 generally accepted auditing standards 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 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 Coldwater Exempted Village School District as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2000 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed 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 the School District, taken as a whole. The accompanying schedule 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. 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.

Jim Petro
Auditor of State

December 1, 2000

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**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and Other Debits:</u>				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$1,389,196	\$487,415	\$273,532	\$317,043
Receivables:				
Property Taxes	2,484,627	0	533,849	0
Payment in Lieu of Taxes	0	0	0	18,600
Income Taxes	185,729	0	0	0
Accounts	4,706	2,539	0	0
Intergovernmental	3,323	24,040	0	0
Accrued Interest	3,014	0	0	0
Interfund Receivable	52,329	0	0	0
Prepaid Items	9,340	0	0	0
Materials and Supplies Inventory	0	0	0	0
Inventory Held for Resale	0	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	234,808	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<u>Other Debits:</u>				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided from General Governmental Resources	0	0	0	0
Total Assets and Other Debits	\$4,367,072	\$513,994	\$807,381	\$335,643
<u>Liabilities, Fund Equity and Other Credits:</u>				
<u>Liabilities:</u>				
Accounts Payable	\$157,935	\$17,661	\$0	\$9,623
Contracts Payable	0	0	0	51,712
Accrued Wages and Benefits	778,468	0	0	0
Compensated Absences Payable	0	0	0	0
Interfund Payable	0	25,000	6,829	20,000
Intergovernmental Payable	150,646	0	0	0
Deferred Revenue	2,484,627	0	533,849	18,600
Undistributed Assets	0	0	0	0
Due to Students	0	0	0	0
Energy Conservation Notes Payable	0	0	0	0
Asbestos Removal Loan Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	3,571,676	42,661	540,678	99,935
<u>Fund Equity and Other Credits:</u>				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	230,157	8,603	0	201,432
Reserved for Bus Purchases	18,281	0	0	0
Reserved for Contributions	0	0	0	0
Reserved for Textbooks and Instructional Materials	63,565	0	0	0
Reserved for Capital Improvements	18,907	0	0	0
Reserved for Budget Stabilization	134,055	0	0	0
Designated for Capital Improvements	54,732	0	0	0
Designated for Textbooks and Instructional Materials	78,032	0	0	0
Designated for Budget Stabilization	39,226	0	0	0
Unreserved	158,441	462,730	266,703	34,276
Total Fund Equity and Other Credits	795,396	471,333	266,703	235,708
Total Liabilities, Fund Equity and Other Credits	\$4,367,072	\$513,994	\$807,381	\$335,643

See accompanying notes to the general purpose financial statements

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$135,011	\$179,797	\$0	\$0	\$2,781,994
0	0	0	0	3,018,476
0	0	0	0	18,600
0	0	0	0	185,729
0	0	0	0	7,245
6,569	0	0	0	33,932
0	0	0	0	3,014
0	0	0	0	52,329
0	0	0	0	9,340
1,371	0	0	0	1,371
9,845	0	0	0	9,845
0	0	0	0	234,808
88,152	0	13,490,266	0	13,578,418
0	0	0	266,703	266,703
0	0	0	4,335,904	4,335,904
<u>\$240,948</u>	<u>\$179,797</u>	<u>\$13,490,266</u>	<u>\$4,602,607</u>	<u>\$24,537,708</u>
\$1,067	\$2,599	\$0	\$0	\$188,885
0	0	0	0	51,712
19,167	0	0	0	797,635
10,387	0	0	1,012,396	1,022,783
0	500	0	0	52,329
14,075	0	0	54,974	219,695
6,992	0	0	0	3,044,068
0	0	0	0	0
0	16,397	0	0	16,397
0	0	0	37,656	37,656
0	0	0	107,596	107,596
0	0	0	3,389,985	3,389,985
<u>51,688</u>	<u>19,496</u>	<u>0</u>	<u>4,602,607</u>	<u>8,928,741</u>
0	0	13,490,266	0	13,490,266
189,260	0	0	0	189,260
0	452	0	0	440,644
0	0	0	0	18,281
0	132,500	0	0	132,500
0	0	0	0	63,565
0	0	0	0	18,907
0	0	0	0	134,055
0	0	0	0	54,732
0	0	0	0	78,032
0	0	0	0	39,226
0	27,349	0	0	949,499
<u>189,260</u>	<u>160,301</u>	<u>13,490,266</u>	<u>0</u>	<u>15,608,967</u>
<u>\$240,948</u>	<u>\$179,797</u>	<u>\$13,490,266</u>	<u>\$4,602,607</u>	<u>\$24,537,708</u>

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
Property Tax	\$2,547,985	\$0	\$570,651	\$0	\$0	\$3,118,636
Payment in Lieu of Taxes	0	0	0	340,452	0	340,452
Income Tax	512,965	0	0	0	0	512,965
Intergovernmental	5,405,413	543,799	56,318	30,595	0	6,036,125
Interest	156,018	0	0	0	1,223	157,241
Tuition and Fees	67,503	0	0	0	1,103	68,606
Extracurricular Activities	0	241,316	0	0	0	241,316
Gifts and Donations	0	1,828	0	0	0	1,828
Customer Services	23,051	0	0	0	0	23,051
Miscellaneous	165,406	35,858	0	13,776	250	215,290
Total Revenues	<u>8,878,341</u>	<u>822,801</u>	<u>626,969</u>	<u>384,823</u>	<u>2,576</u>	<u>10,715,510</u>
Expenditures:						
Current:						
Instruction:						
Regular	4,332,817	238,758	0	13,476	7,746	4,592,797
Special	755,326	71,820	0	0	0	827,146
Vocational	494,618	3,800	0	5,741	0	504,159
Support Services:						
Pupils	324,883	2,155	0	0	0	327,038
Instructional Staff	303,251	423,597	0	17,829	0	744,677
Board of Education	13,700	0	0	0	0	13,700
Administration	727,208	12,814	0	0	0	740,022
Fiscal	203,784	0	12,256	0	0	216,040
Operation and Maintenance of Plant	855,580	0	0	303,884	0	1,159,464
Pupil Transportation	284,019	1,067	0	0	0	285,086
Central	32,985	5,000	0	0	0	37,985
Extracurricular Activities	198,381	257,120	0	0	0	455,501
Capital Outlay	49,061	0	0	246,329	0	295,390
Intergovernmental	0	0	0	3,000	0	3,000
Debt Service:						
Principal Retirement	0	0	407,867	0	0	407,867
Interest and Fiscal Charges	0	0	143,301	0	0	143,301
Total Expenditures	<u>8,575,613</u>	<u>1,016,131</u>	<u>563,424</u>	<u>590,259</u>	<u>7,746</u>	<u>10,753,173</u>
Excess of Revenues Over Expenditures	<u>302,728</u>	<u>(193,330)</u>	<u>63,545</u>	<u>(205,436)</u>	<u>(5,170)</u>	<u>(37,663)</u>
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	14,406	0	0	0	0	14,406
Operating Transfers In	0	204,498	0	7,500	0	211,998
Operating Transfers Out	(211,998)	0	0	0	0	(211,998)
Total Other Financing Sources (Uses)	<u>(197,592)</u>	<u>204,498</u>	<u>0</u>	<u>7,500</u>	<u>0</u>	<u>14,406</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	105,136	11,168	63,545	(197,936)	(5,170)	(23,257)
Fund Balances at Beginning of Year	<u>690,260</u>	<u>460,165</u>	<u>203,158</u>	<u>433,644</u>	<u>21,304</u>	<u>1,808,531</u>
Fund Balances at End of Year	<u><u>\$795,396</u></u>	<u><u>\$471,333</u></u>	<u><u>\$266,703</u></u>	<u><u>\$235,708</u></u>	<u><u>\$16,134</u></u>	<u><u>\$1,785,274</u></u>

See accompanying notes to the general purpose financial statements

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**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Property Taxes	\$2,546,000	\$2,547,985	\$1,985	\$0	\$0	\$0
Payment in Lieu of Taxes	0	0	0	0	0	0
Income Taxes	495,000	493,207	(1,793)	0	0	0
Intergovernmental	5,259,725	5,405,063	145,338	575,180	524,107	(51,073)
Interest	145,000	155,860	10,860	0	0	0
Tuition and Fees	65,642	75,648	10,006	0	0	0
Extracurricular Activities	0	0	0	238,045	241,607	3,562
Gifts and Donations	0	0	0	1,828	1,828	0
Customer Services	53,000	51,757	(1,243)	0	0	0
Miscellaneous	129,371	130,919	1,548	36,062	35,858	(204)
Total Revenues	8,693,738	8,860,439	166,701	851,115	803,400	(47,715)
Expenditures:						
Current:						
Instruction:						
Regular	4,460,776	4,378,647	82,129	559,726	256,914	302,812
Special	781,195	732,992	48,203	79,946	72,611	7,335
Vocational	538,148	484,029	54,119	3,800	3,800	0
Support Services:						
Pupils	355,848	328,288	27,560	5,156	2,156	3,000
Instructional Staff	345,642	311,458	34,184	435,138	422,305	12,833
Board of Education	18,315	13,780	4,535	0	0	0
Administration	786,057	745,400	40,657	47,877	12,814	35,063
Fiscal	237,504	210,990	26,514	0	0	0
Operation and Maintenance of Plant	1,038,446	931,692	106,754	0	0	0
Pupil Transportation	352,906	327,657	25,249	2,000	1,067	933
Central	35,367	32,822	2,545	6,250	5,000	1,250
Extracurricular Activities	216,328	197,617	18,711	283,665	248,824	34,841
Capital Outlay	52,000	49,061	2,939	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	9,218,532	8,744,433	474,099	1,423,558	1,025,491	398,067
Excess of Revenues Over (Under) Expenditures	(524,794)	116,006	640,800	(572,443)	(222,091)	350,352
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	14,400	14,406	6	0	0	0
Other Financing Sources	200	73	(127)	0	0	0
Refund of Prior Year Expenditures	33,004	33,279	275	0	0	0
Refund of Prior Year Receipts	(3,144)	(3,144)	0	(250)	(250)	0
Advances In	10,000	10,600	600	54,735	30,500	(24,235)
Advances Out	(70,600)	(50,600)	20,000	(59,735)	(10,500)	49,235
Operating Transfers In	0	0	0	209,633	204,498	(5,135)
Operating Transfers Out	(211,998)	(211,998)	0	0	0	0
Total Other Financing Sources (Uses)	(228,138)	(207,384)	20,754	204,383	224,248	19,865
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(752,932)	(91,378)	661,554	(368,060)	2,157	370,217
Fund Balances at Beginning of Year	1,197,655	1,197,655	0	433,715	433,715	0
Prior Year Encumbrances Appropriated	161,371	161,371	0	31,368	31,368	0
Fund Balances at End of Year	\$606,094	\$1,267,648	\$661,554	\$97,023	\$467,240	\$370,217

See accompanying notes to the general purpose financial statements

Debt Service Fund			Capital Projects Funds			Expendable Trust Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$570,729	\$570,651	(\$78)	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	340,452	340,452	0	0	0	0
0	0	0	0	0	0	0	0	0
56,300	56,318	18	64,021	44,372	(19,649)	0	0	0
0	0	0	0	0	0	1,707	1,223	(484)
0	0	0	0	0	0	1,103	1,103	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	250	250	0
<u>627,029</u>	<u>626,969</u>	<u>(60)</u>	<u>404,473</u>	<u>384,824</u>	<u>(19,649)</u>	<u>3,060</u>	<u>2,576</u>	<u>(484)</u>
0	0	0	13,476	13,476	0	5,956	5,956	0
0	0	0	0	0	0	0	0	0
0	0	0	5,741	5,741	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	23,396	17,920	5,476	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
14,000	5,427	8,573	0	0	0	0	0	0
0	0	0	547,247	505,224	42,023	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	249,109	249,021	88	0	0	0
407,867	407,867	0	0	0	0	0	0	0
143,311	143,301	10	0	0	0	0	0	0
<u>565,178</u>	<u>556,595</u>	<u>8,583</u>	<u>838,969</u>	<u>791,382</u>	<u>47,587</u>	<u>5,956</u>	<u>5,956</u>	<u>0</u>
61,851	70,374	8,523	(434,496)	(406,558)	27,938	(2,896)	(3,380)	(484)
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	13,776	13,776	0	0	0	0
0	0	0	(3,000)	(3,000)	0	0	0	0
0	0	0	20,000	20,000	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	9,000	7,500	(1,500)	0	0	0
0	0	0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>39,776</u>	<u>38,276</u>	<u>(1,500)</u>	<u>0</u>	<u>0</u>	<u>0</u>
61,851	70,374	8,523	(394,720)	(368,282)	26,438	(2,896)	(3,380)	(484)
203,158	203,158	0	37,110	37,110	0	21,304	21,304	0
0	0	0	385,450	385,450	0	0	0	0
<u>\$265,009</u>	<u>\$273,532</u>	<u>\$8,523</u>	<u>\$27,840</u>	<u>\$54,278</u>	<u>\$26,438</u>	<u>\$18,408</u>	<u>\$17,924</u>	<u>(\$484)</u>

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**COMBINED STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN RETAINED EARNINGS/FUND BALANCE
PROPRIETARY FUND TYPE AND SIMILAR TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
<u>Operating Revenues:</u>			
Sales	\$316,005	\$0	\$316,005
Tuition	3,351	0	3,351
Interest	0	8,703	8,703
Contribution and Donations	0	31,000	31,000
Other Operating Revenues	16,304	0	16,304
Total Operating Revenues	<u>335,660</u>	<u>39,703</u>	<u>375,363</u>
<u>Operating Expenses:</u>			
Salaries	120,545	0	120,545
Fringe Benefits	7,242	0	7,242
Purchased Services	13,798	0	13,798
Materials and Supplies	22,731	0	22,731
Cost of Sales	228,027	0	228,027
Depreciation	9,075	0	9,075
Other Operating Expenses	7,608	10,062	17,670
Total Operating Expenses	<u>409,026</u>	<u>10,062</u>	<u>419,088</u>
Operating Income (Loss)	<u>(73,366)</u>	<u>29,641</u>	<u>(43,725)</u>
<u>Non-Operating Revenues (Expenses):</u>			
Federal Commodities	42,091	0	42,091
Interest	6,681	0	6,681
Gain on Sale of Fixed Assets	2,599	0	2,599
Operating Grants	59,767	0	59,767
Total Non-Operating Revenues (Expenses)	<u>111,138</u>	<u>0</u>	<u>111,138</u>
Net Income (Loss)	37,772	29,641	67,413
Retained Earnings/Fund Balance at Beginning of Year (Restated)	<u>151,488</u>	<u>114,526</u>	<u>266,014</u>
Retained Earnings/Fund Balance at End of Year	<u><u>\$189,260</u></u>	<u><u>\$144,167</u></u>	<u><u>\$333,427</u></u>

See accompanying notes to the general purpose financial statements

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE AND SIMILAR TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>			
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$316,015	\$0	\$316,015
Cash Received from Tuition Payments	3,351	0	3,351
Cash Received from Contributions and Donations	0	31,000	31,000
Cash Received from Other Operating Revenue	16,303	0	16,303
Cash Payments to Suppliers for Goods and Services	(234,446)	0	(234,446)
Cash Payments to Employees for Services	(114,394)	0	(114,394)
Cash Payments for Employee Benefits	(41,016)	0	(41,016)
Cash Payments for Other Expenses	0	(10,062)	(10,062)
Net Cash Provided by (Used for) Operating Activities	<u>(54,187)</u>	<u>20,938</u>	<u>(33,249)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Operating Grants Received	<u>61,910</u>	<u>0</u>	<u>61,910</u>
<u>Cash Flows from Capital Financing Activities:</u>			
Cash Received from Sale of Fixed Assets	<u>3,655</u>	<u>0</u>	<u>3,655</u>
<u>Cash Flows from Investing Activities:</u>			
Cash Received from Interest	<u>6,681</u>	<u>8,703</u>	<u>15,384</u>
Net Increase in Cash and Cash Equivalents	18,059	29,641	47,700
Cash and Cash Equivalents at Beginning of Year	116,952	114,526	231,478
Cash and Cash Equivalents at End of Year	<u><u>\$135,011</u></u>	<u><u>\$144,167</u></u>	<u><u>\$279,178</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:</u>			
Operating Income (Loss)	<u>(\$73,366)</u>	<u>\$29,641</u>	<u>(\$43,725)</u>
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash Used for Operating Activities:</u>			
Depreciation	9,075	0	9,075
Interest	0	(8,703)	(8,703)
Donated Commodities Used During Year	42,091	0	42,091
<u>Changes in Assets and Liabilities:</u>			
Decrease in Accounts Receivable	8	0	8
Increase in Deferred Revenue	1,141	0	1,141
Decrease in Inventory Held for Resale	846	0	846
Decrease in Accounts Payable	(6,359)	0	(6,359)
Decrease in Accrued Wages and Benefits	(31,739)	0	(31,739)
Increase in Compensated Absences Payable	2,999	0	2,999
Increase in Intergovernmental Payable	1,117	0	1,117
Total Adjustments	<u>19,179</u>	<u>(8,703)</u>	<u>10,476</u>
Net Cash Used for Operating Activities	<u><u>(\$54,187)</u></u>	<u><u>\$20,938</u></u>	<u><u>(\$33,249)</u></u>
<u>Reconciliation of Trust and Agency Funds:</u>			
Cash and Cash Equivalents - All Fiduciary Funds:		\$179,797	
Cash and Cash Equivalents - Agency Funds		(17,508)	
Cash and Cash Equivalents - Expendable Trust Funds		(18,122)	
Cash and Cash Equivalents - Nonexpendable Trust Fund		<u><u>\$144,167</u></u>	

See accompanying notes to the general purpose financial statements

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL(BUDGET BASIS)
PROPRIETARY FUND TYPE AND SIMILAR TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Enterprise			NonExpendable Trust		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Sales	\$315,762	\$316,013	\$251	\$0	\$0	\$0
Tuition	3,351	3,351	0	0	0	0
Interest	5,300	6,681	1,381	8,370	8,703	333
Operating Grants	61,500	61,911	411	0	0	0
Contributions and Donations	0	0	0	31,000	31,000	0
Proceeds from Sale of Fixed Assets	3,000	3,655	655	0	0	0
Other Revenues	15,906	16,304	398	0	0	0
Total Revenues	404,819	407,915	3,096	39,370	39,703	333
Expenses:						
Salaries	116,225	114,395	1,830	0	0	0
Fringe Benefits	42,996	41,016	1,980	0	0	0
Purchased Services	24,929	14,766	10,163	0	0	0
Materials and Supplies	226,131	213,747	12,384	0	0	0
Capital Outlay	8,997	7,608	1,389	0	0	0
Other Operating Expenses	3,850	212	3,638	10,514	10,514	0
Total Expenses	423,128	391,744	31,384	10,514	10,514	0
Excess of Revenues Over (Under) Expenses	(18,309)	16,171	34,480	28,856	29,189	333
Fund Balances at Beginning of Year	107,733	107,733	0	114,526	114,526	0
Prior Year Encumbrances Appropriated	9,219	9,219	0	0	0	0
Fund Balances at End of Year	\$98,643	\$133,123	\$34,480	\$143,382	\$143,715	\$333

See accompanying notes to the general purpose financial statements

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Coldwater Exempted Village School 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 School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. This Board of Education controls the School District's one instructional/support facility staffed by 40 noncertified and 106 certificated full-time teaching personnel who provide services to 1,730 students and other community members.

A. Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Coldwater Exempted Village School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District does not have any component units.

The School District is associated with four jointly governed organizations and two insurance pools. These organizations include the Northwest Ohio Area Computer Services Cooperative, West Central Regional Professional Development Center, Special Education Regional Resource Center, Mercer County Local Professional Development Committee, Northwest Ohio Area Computer Service Cooperative Workers' Compensation Group Rating Program, and the Mercer-Auglaize Schools Employee Benefits Trust. These organizations are presented in Notes 20 and 21 to the general purpose financial statements.

The financial statements of the Coldwater Exempted Village School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis Of Presentation - Fund Accounting

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary, and fiduciary.

1. Governmental Fund Types:

Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use, and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds and trust funds) are accounted for through governmental funds. The following are the School District's governmental fund types:

General Fund

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

Special Revenue Funds

Special revenue 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

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

Capital Projects Funds

The capital projects 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 or trust funds).

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Proprietary Fund Types:

Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The following is the School District's proprietary fund type:

Enterprise Funds

Enterprise funds are used to account for School District activities that are financed and operated in a manner similar to private business enterprises where the intent 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 or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

3. Fiduciary Fund Types:

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's fiduciary funds include expendable trust, non-expendable trust, and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

4. Account Groups:

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

General Fixed Assets Account Group

This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary or trust funds.

General Long-Term Obligations Account Group

This account group is established to account for all long-term obligations of the School District except those accounted for in the enterprise or trust funds.

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All enterprise and non-expendable trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Enterprise and non-expendable trust funds operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental, expendable trust, and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: taxpayer-assessed taxes, interest, tuition, grants, and student fees.

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the enterprise and non-expendable trust funds. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. 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 appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

1. Tax Budget

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the Mercer County Budget Commission for rate determination.

2. Estimated Resources

Prior to April 1, the Board of Education 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 School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2000.

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education. Appropriations are adopted at the fund, function, and object level of expenditures for the general fund, debt service fund, and permanent improvement capital projects fund and at the fund level for all other funds, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within the general fund, or alter object appropriations within functions in the general fund, must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

4. Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for enterprise funds.

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 appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

D. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet.

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

During fiscal year 2000, investments were limited to STAROhio and nonnegotiable certificates of deposit. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost.

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2000. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2000.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year amounted to \$156,018, which includes \$96,137 assigned from other School District funds.

For purposes of the Combined Statement of Cash Flows and for presentation of the Combined Balance Sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

E. Inventory

Inventories of enterprise funds are stated at the lower of cost or market. Cost is determined on a first-in, first-out basis. Inventories of the enterprise funds consist of donated food, purchased food, and school supplies held for resale and are expensed when consumed.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2000, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

G. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses, and amounts required by statute to be set-aside by the School District for the purchase of textbooks, for the acquisition or construction of capital assets and to create a reserve for budget stabilization. See Note 17 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the enterprise funds are capitalized in the related fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not have any infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life of ten to twenty years.

I. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for enterprise fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

The School District currently participates in several State and Federal programs, categorized as follows:

Entitlements

General Fund

- State Foundation Program
- State Property Tax Relief
- School Bus Purchase Program

Non-Reimbursable Grants

Special Revenue Funds

- Education Management Information Systems Grant
- Teacher Development Block Grant
- Adult Vocational Grant
- Vocational Equipment Grant
- Eisenhower Science/Mathematics Grant
- Drug Free Education Grant
- Title I Grant
- Title VI Grant
- Title VI-B Grant
- Title VI-R Grant
- Children's Trust Grant
- School to Work Grant
- SchoolNet Raising the Bar Grant
- Continuous Improvement Grant
- E-rate Grant
- Early Childhood Grant

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tech Equity Training Grant
Ohio Reads Grant
Phonics Demonstration Grant
LSTA Grant

Capital Projects Funds

SchoolNet
SchoolNet Plus
Technology Equity
SchoolNet Power Up

Reimbursable Grants

General Fund

Driver Education
Gifted Pupil Supplement

Capital Projects Funds

Emergency Building Repair
ADA Grant

Enterprise Funds

National School Lunch Program
Government Donated Commodities

Grants and entitlements amounted to approximately 56 percent of the School District's governmental operating revenue during the 2000 fiscal year.

J. Interfund Assets/Liabilities

Short-term interfund loans are classified as "interfund receivables" and "interfund payables".

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for classified employees, certified employees and administrators after ten years of current service with the School District.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In enterprise funds, the entire amount of compensated absences is reported as a fund liability.

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than two months after year end are considered not to have used current available financial resources. Long-term loans are reported as a liability of the general long-term obligations account group until due. Long-term debt and other obligations financed by enterprise funds are reported as liabilities in the appropriate enterprise funds.

M. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

N. Fund Balance Reserves and Designations

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, contributions, budget stabilization, textbook and instructional materials, capital improvements, and school bus purchases.

The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

The School District designates a portion of fund equity to indicate tentative planned expenditures of financial resources. A fund balance designation has been established for the revenues set-aside for budget reserve, textbook and instructional materials reserve and the capital improvement reserve that exceeded the statutorily required amounts.

O. Use of Estimates

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

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Totals - (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

3. ACCOUNTABILITY

At June 30, 2000, the School-Aged Child Care Grant special revenue fund and the Classroom Facilities Grant capital project fund had deficit fund balances of \$4,799 and \$2,409, respectively. The deficits resulted from the application of generally accepted accounting principles. The general fund is liable for any deficit in this fund and provides operating transfers when cash is required, not when accruals occur.

4. PRIOR PERIOD ADJUSTMENT

In fiscal year 1999, the School District did not have the correct salvage values for lunchroom fixed assets. This correction had the following effect on the accumulated depreciation and Enterprise retained earnings as they were previously reported as of June 30, 2000:

	Retained Earnings
Retained Earnings as previously reported	\$163,625
Additional accumulated depreciation as of 6/30/99	(12,137)
Restated Retained Earnings as of June 30, 2000	<u><u>\$151,488</u></u>

5. BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) -All Governmental Fund Types and Similar Trust Funds and the Combined Statement of Revenues, Expenses and Changes in Fund Balances - Budget and Actual (Budget Basis) - Proprietary Fund Type and Similar Trust Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

5. BUDGETARY BASIS OF ACCOUNTING (Continued)

2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and the expendable trust fund and as note disclosure in the enterprise fund type (GAAP basis).
4. For enterprise funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
Governmental Fund Types and Expendable Trust Funds

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	\$105,136	\$11,168	\$63,545	(\$197,936)	(\$5,170)
Adjustments:					
Revenue Accruals	18,281	(19,401)	0	13,776	0
Expenditure Accruals	183,196	10,565	6,829	58,644	1,988
Prepaid Items	(1,635)	0	0	0	0
Advances					
In	10,600	30,500	0	20,000	0
Out	(50,600)	(10,500)	0	0	0
Encumbrances Outstanding					
At Year End (Budget Basis)	(356,356)	(20,175)	0	(262,766)	(198)
Budget Basis	<u>(\$91,378)</u>	<u>\$2,157</u>	<u>\$70,374</u>	<u>(\$368,282)</u>	<u>(\$3,380)</u>

Net Income (Loss)/Excess of Revenues Over Expenses
Proprietary Fund Type and Nonexpendable Trust Fund

	Enterprise	Nonexpendable Trust
GAAP Basis	\$37,772	\$29,641
Adjustments:		
Revenue Accruals	2,152	0
Expense Accruals	(32,842)	0
Changes in Inventory	846	0
Depreciation	9,075	0
Gain on Disposal of Fixed Asset	(2,599)	0
Sale of Fixed Assets	3,655	0
Encumbrances Outstanding		
At Year End (Budget Basis)	(1,888)	(452)
Budget Basis	<u>\$16,171</u>	<u>\$29,189</u>

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

6. DEPOSITS AND INVESTMENTS

The Treasurer is responsible for selecting depositories and investing funds. State statutes classify monies held by the School District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the School District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim moneys. Interim moneys are those moneys which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including pass book accounts.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer, by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution.

Interim moneys may be deposited or invested in the following securities:

1. 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 and interest by the United States;
2. 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;
3. 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;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) 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
6. The State Treasurer's investment pool (STAROhio).

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

6. DEPOSITS AND INVESTMENTS (Continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Cash on Hand: At fiscal year end, the School District had \$1,400 in undeposited cash on hand which is included on the Combined Balance Sheet of the School District as part of "Equity in Pooled Cash and Cash Equivalents."

The following information classifies deposits and investments by categories of risk as defined by GASB Statement No. 3, "Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements."

Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$2,954,867 and the bank balance was \$3,128,127. Of the bank balance \$300,000 was covered by federal depository insurance. The remaining amounts were uninsured and uncollateralized. Although the securities were held by the pledging financial institutions trust departments in the School District's name and all state statutory requirements for the investment of money had been followed, noncompliance with federal requirement could potentially subject the School District to a successful claim by the FDIC.

Investments: The School District's investments are required to be categorized to give an indication of the level of risk assumed by the school district at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. At year end, the School District's investment in STAROhio, the only investment at fiscal year end, had a fair value of \$60,535. STAROhio, an investment pool operated by the Ohio State Treasurer, is unclassified since it is not evidenced by securities that exist in physical or book entry form.

The classification of cash, cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the combined financial statements and the classifications per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$3,016,802	\$0
Cash on Hand	(1,400)	
Investments:		
STAR Ohio	(60,535)	60,535
GASB Statement 3	\$2,954,867	\$60,535

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

7. PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real and public utility property tax revenues received in calendar year 2000 represent the collection of calendar year 1999 taxes. For 2000, real property taxes were levied after April 1, 2000, on the assessed values as of January 1, 2000, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility real and tangible personal property taxes were levied after April 1, 2000, on the assessed values as of December 31, 1999, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in calendar year 2000 (other than public utility property) represent the collection of calendar year 2000 taxes. For 2000, tangible personal property taxes were levied after April 1, 1999, on the value as of December 31, 1998, the lien date. Tangible personal property is currently assessed at 25 percent of true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Mercer County. The County Auditor periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2000, are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. There were no advances available at June 30, 2000 or June 30, 1999.

The assessed values upon which the fiscal year 2000 taxes were collected are:

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

7. PROPERTY TAXES (Continued)

	1999 Second Half Collections		2000 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$78,105,610	80.69%	\$89,076,860	82.68%
Public Utility	4,839,120	5.00%	4,786,230	4.44%
Tangible Personal Property	13,850,640	14.31%	13,873,990	12.88%
Total Assessed Value	<u>\$96,795,370</u>	<u>100.00%</u>	<u>\$107,737,080</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$46.05		\$46.05	

8. PAYMENT IN LIEU OF TAXES

According to State law, the School District has entered into agreements with a number of property owners under which the School District has granted property tax abatements to those property owners. The property owners have agreed to make payments to the School District which reflect all or a portion of the property taxes which the property owners would have paid if their taxes had not been abated. The property owners' contractual promises to make these payments in lieu of taxes generally continue until the agreement expires. Payments in lieu of taxes for fiscal year 2000 amounted to \$340,452.

9. INCOME TAX

The School District levies a voted tax of .50 percent for general operations on the income of residents and of estates. The income tax was effective on January 1, 1990, and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund.

10. RECEIVABLES

Receivables at June 30, 2000, consisted of property taxes, accounts (rent and billings for user charged services), interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

10. RECEIVABLES (Continued)

	Amounts
General Fund	
Drivers Education Reimbursement	\$1,350
Vocational Education Reimbursement	1,973
Total General Fund	3,323
Special Revenue Fund	
Child Care Grant	17,056
Chapter 2 Grant	5,795
Yearbook Reimbursement	1,189
Total Special Revenue Funds	24,040
Enterprise Fund	
Food Service	6,569
Total Intergovernmental Receivables	\$33,932

11. FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 2000, follows:

Furniture and Equipment	\$152,376
Less Accumulated Depreciation	(64,224)
Net Fixed Assets	\$88,152

A summary of the changes in general fixed assets during fiscal year 2000 is as follows:

Asset Category	Balance at 6/30/99	Additions	Deletions	Balance at 6/30/00
Land and Improvements	\$127,078	\$47,500	\$0	\$174,578
Leasehold Improvements	153,803	11,541	0	165,344
Buildings and Improvements	8,766,675	259,142	0	9,025,817
Furniture, Fixtures and Equipment	3,279,925	334,404	48,007	3,566,322
Vehicles	528,153	57,359	27,307	558,205
Totals	\$12,855,634	\$709,946	\$75,314	\$13,490,266

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

12. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2000, the School District contracted with Preferred Insurance for property and fleet insurance, and inland marine coverage, and Nationwide Insurance for liability insurance. Coverages provided by Preferred and Nationwide Insurance are as follows:

Building and Contents, Boiler and Machinery replacement cost (\$500 deductible)	\$24,585,100
Musical Instruments (\$250 deductible)	180,000
Automobile Liability	1,000,000
Uninsured Motorists Bodily Injury	
Per Accident	1,000,000
Medical Payments Per Person	5,000
General Liability	
Per occurrence	1,000,000
Total per year	3,000,000
Umbrella Policy	
Per occurrence and Aggregate	3,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years and there has been no significant reductions in coverages from the prior year.

The School District participates in the Northwest Ohio Area Computer Services Workers' Compensation Group Rating Program (the Plan), an insurance purchasing pool (Note 21). The Plan is intended to reduce premiums for the participants. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan.

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

12. RISK MANAGEMENT (Continued)

Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

Participation in the Plan is limited to educational entities that can meet the Plan's selection criteria. Each participant must apply annually. The Plan provides the participants with a centralized program for the processing, analysis and management of workers' compensation claims and a risk management program to assist in developing safer work environments. Each participant must pay its premiums, enrollment or other fees, and perform its obligations in accordance with the terms of the agreement.

The School District participates in the Mercer/Auglaize Employee Benefit Trust (Trust), a public entity shared risk pool consisting of eight local school districts, two city school districts, and an educational service center. The School District pays monthly premiums to the Trust for medical and dental benefits. The Trust is responsible for the management and operations of the program. Upon withdrawal from the Trust, a participant is responsible for the payment of all Trust liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

13. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll; 5.5 percent was the portion used to fund pension obligations for fiscal year 2000. For fiscal year 1999, 7.7 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998, were \$45,913, \$57,661, and \$73,450, respectively; 39 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. The unpaid contribution for fiscal year 2000, in the amount of \$27,984, is recorded as a liability within the respective funds and the general long-term obligations account group.

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

13. DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations for fiscal year 2000. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contribution for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998, were \$280,980, \$263,232, and \$422,100, respectively; 83 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. The unpaid contribution for fiscal year 2000, in the amount of \$48,130 is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 1998, all members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

14. POSTEMPLOYMENT BENEFITS

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired classified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligation to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2000, the Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$374,640 for fiscal year 2000.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2,783 million at June 30, 2000 (the latest information available). For the fiscal year ended June 30, 2000, net health care costs paid by STRS were \$249,929,000, and STRS had 95,796 eligible benefit recipients.

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

14. POSTEMPLOYMENT BENEFITS (Continued)

For SERS, 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 percent of the premium.

For this fiscal year, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase from 6.3 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay has been established at \$12,400. For the School District, the amount to fund health care benefits, including the surcharge, was \$89,832 for fiscal year 2000.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 1999, were \$126,380,984, and the target level was \$189.6 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$188 million. SERS has approximately 51,000 participants currently receiving health care benefits.

15. EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Designated classified employees earn up to twenty days of vacation per fiscal year, depending upon length of service. Administrators earn twenty days of vacation per contract year. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 325 days for classified employees, certified employees, and administrators hired prior to July 1, 1998. Sick leave may be accumulated up to a maximum of 215 days for employees hired on or after July 1, 1998. Upon retirement, payment is made for 35 percent of total accumulated sick leave for certified and administrative employees; certified employees may also receive an additional one-half day for each year in which no personal leave was used. (In order to receive these benefits, the employee must have worked the prior 10 years at the School District, otherwise state statute will prevail.) Upon retirement for classified employees, payment is made for 50 percent of total accumulated sick leave plus one additional day for every three years employed beyond 20 years at the School District with a maximum allowable total of 75 days.

B. Health, Dental, Vision and Life Insurance

The School District provides health insurance benefits to employees through the Mercer-Auglaize Schools Employee Benefits Trust. The premium varies with each employee depending on marital and family status. The School District also provides prescription drug and dental insurance through the same provider. The premium varies with each employee depending on marital and family status.

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

15. EMPLOYEE BENEFITS (Continued)

The School District provides life insurance benefits of \$35,000 per employee (\$40,000 for administrators), whose benefits reduced to 42 percent, 28 percent, 19 percent and 13 percent at ages 70, 75, 80, and 85, respectively, through CoreSource. The premium is a set fee per employee, which is reduced as above.

16. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2000 were as follows:

	Principal Outstanding 6/30/99	Additions	Deductions	Principal Outstanding 6/30/00
General Long-Term Obligations:				
Energy Conservation Notes 4.75 - 5%	\$78,969	\$0	\$41,313	\$37,656
Asbestos Removal Loan 0%	124,149	0	16,553	107,596
1990 School Renovation Bonds 6.8759%	680,000	0	25,000	655,000
1993 Refinance Addition Bonds 2.6-5.5%	3,059,985	0	325,000	2,734,985
Intergovernmental Payable	53,547	54,974	53,547	54,974
Compensated Absences	1,055,248	0	42,852	1,012,396
Total General Long-Term Obligations	\$5,051,898	\$54,974	\$504,265	\$4,602,607

Energy Conservation Notes - In fiscal year 1993, the School District issued \$325,000 in unvoted general obligation notes for the purpose of providing energy conservation measures for the School District, under the authority of Ohio Revised Code sections 133.06(G) and 3313.372. The notes were issued for a ten year period with final maturity during fiscal year 2003. The notes will be retired from the debt service fund using an allocation from the general fund property taxes.

In fiscal year 1998, the School District issued an additional \$50,000 in unvoted general obligation notes for the purpose of providing energy conservation measures for the School District, under the authority of Ohio Revised Code sections 133.06(G) and 3313.372. The notes were issued for a ten year period with final maturity during fiscal year 2003. The notes will be retired from the debt service fund using an allocation from the general fund property taxes.

Asbestos Removal Loan - On May 17, 1991, the School District obtained a loan in the amount of \$128,683 for the purpose of providing asbestos removal for the Coldwater Exempted Village School District, under the authority of Ohio Revised Code section 3317.22. The loan was issued for a twenty fiscal year period with final maturity during fiscal year 2011. The debt will be retired from the permanent improvement capital projects fund.

1990 School Renovation Bonds - On December 1, 1990, the School District issued \$800,000 in voted general obligation bonds for the addition to the school building. The bonds were issued for a twenty-five fiscal year period with final maturity during fiscal year 2015. The debt will be retired with a voted property tax levy from the debt service fund.

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

16. LONG-TERM OBLIGATIONS (Continued)

1993 Refinance Addition - On October 1, 1993, the School District issued \$4,804,985 in voted general obligation bonds to refinance the 1987 building program general obligation bonds. The bonds were issued for a twenty fiscal year period with final maturity during fiscal year 2014. The debt will be retired with a voted property tax levy from the debt service fund.

Compensated absences and the intergovernmental payable will be paid from the fund from which the employees' salaries are paid. The change in compensated absences is presented net because it is not practical to determine the actual increase and decrease.

The School District's overall legal debt margin was \$6,438,633 with an unvoted debt margin of \$96,963 at June 30, 2000.

Principal and interest requirements to retire the long-term obligations at June 30, 2000 are as follows:

Fiscal Year Ending June 30	Amount
2001	\$519,820
2002	518,673
2003	521,191
2004	507,318
2005	510,084
2006 - 2010	2,487,780
2011 - 2015	1,610,064
Total	<u>\$6,674,930</u>

17. SET-ASIDE CALCULATIONS AND FUND RESERVES

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. The School District is also required to set aside money for budget stabilization.

The following cash basis information describes the change in the year-end set-aside amounts for textbooks, capital acquisition, and budget stabilization. Disclosure of this information is required by State statute.

	<u>Textbook</u>	<u>Capital</u>	<u>Budget</u>	<u>Total</u>
Balance as of June 30, 1999	\$24,922	\$7,672	\$94,665	\$127,259
Revenue Required to be Set-aside	203,937	203,937	68,000	475,874
Workers' Compensation Refund in FY 00	0	0	1,671	1,671
Qualifying Expenditures (Paid in Cash)	(165,294)	(192,702)	0	(357,996)
Offset for Workers' Compensation Refund	0	0	(30,281)	(30,281)
Balance as of June 30, 2000	<u>\$63,565</u>	<u>\$18,907</u>	<u>\$134,055</u>	\$216,527
Amount Restricted of Bus Purchase				18,281
Total Restricted Cash				<u>\$234,808</u>

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

18. INTERFUND ACTIVITY

As of June 30, 2000, receivables and payables that resulted from various interfund transactions were as follows:

	Interfund	
	Receivable	Payable
General Fund	\$52,329	\$0
Special Revenue Fund		
Child Care	0	25,000
Debt Service Fund		
Bond Retirement	0	6,829
Capital Projects Fund		
Building Facilities Grant	0	20,000
Agency Fund		
Student Activities	0	500
Total	\$52,329	\$52,329

19. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains four enterprise funds to account for the operations of food service, uniform school supplies, adult education, and horticulture. The table below reflects the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal year ended June 30, 2000.

	Food Service	Uniform School Supplies	Adult Education	Horticulture	Total
Operating Revenues	\$296,003	\$21,225	\$3,351	\$15,081	\$335,660
Operating Expenses before	364,449	21,763	1,895	11,844	399,951
Depreciation Expense	9,075	0	0	0	9,075
Operating Income (Loss)	(77,521)	(538)	1,456	3,237	(73,366)
Donated Commodities	42,091	0	0	0	42,091
Operating Grants	59,767	0	0	0	59,767
Interest	6,681	0	0	0	6,681
Gain on Sale of Fixed Assets	2,599	0	0	0	2,599
Net Income (Loss)	33,617	(538)	1,456	3,237	37,772
Fixed Assets Deletions	2,132	0	0	0	2,132
Net Working Capital	76,639	18,214	1,562	15,080	111,495
Total Assets	206,067	18,239	1,562	15,080	240,948
Total Equity	154,404	18,214	1,562	15,080	189,260
Encumbrances Outstanding at June 30, 2000 (Budget Basis)	1,417	471	0	0	1,888

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

20. JOINTLY GOVERNED ORGANIZATIONS

Northwest Ohio Area Computer Services Cooperative - The School District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC) which is a computer consortium. NOACSC is an association of public school districts within the boundaries of Allen, Putnam, Mercer, Paulding and Van Wert Counties and Cities of Wapakoneta and St. Marys. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. Financial information can be obtained from Michael Wildermuth, who serves as director, at 645 South Main Street, Lima, Ohio 45804-1241.

West Central Regional Professional Development Center (Center) - The Center is a jointly governed organization among the school districts located in Allen, Auglaize, Hancock, Hardin, Mercer, Paulding, Putnam and Van Wert counties. The jointly governed organization was formed for the purpose of establishing an articulated, regional structure for professional development, in which school districts, the business community, higher education and other groups cooperatively plan and implement effective professional development activities than are tied directly to school improvement, and in particular, to improvements in instructional programs.

The Center is governed by a governing board made up of fifty-two representatives of the participating school districts, the business community, and two institutions of higher learning whose term rotates every two years. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information may be obtained by contacting the Bradley Brown, Treasurer at the Hancock County Educational Service Center, 7746 County Road 140, Findlay, Ohio 45840-1817.

Special Education Regional Resource Center (SERRC) - The SERRC is a special education service center which selects its own board, adopts its own budget and receives direct Federal and State grants for its operation. The jointly governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents.

The SERRC is governed by a governing board of 52 members made up of superintendents participating districts, one non-public school, and one from Wright State University whose term rotates every year. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained by contacting the Krista Hart, Treasurer, at the Hardin County Educational Service Center, 1 Court House Square, Suite 50, Kenton, Ohio 43326-2385.

Mercer County Local Professional Development Committee - The School District is a participant in the Mercer County Local Professional Development Committee (the Committee) which is a regional council of governments established to provide professional educator license renewal standards and procedures. The Committee is governed by an 11 member board made up of six teachers, two building principals, one superintendent, and two members employed by the Mercer County Educational Service Center with terms of two years. The degree of control exercised by any participating school district is limited to its representation on the Board. The Committee is an association of public school districts within the boundaries of Mercer County. Financial information can be obtained from the Mercer County Educational Service Center, 441 East Market Street, Celina, Ohio 45822.

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

21. INSURANCE POOL

Northwest Ohio Area Computer Service Cooperative 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 Northwest Ohio Area Computer Service Cooperative Workers' Compensation Group Rating Program (the Program) was established through the Northwest Ohio Area Computer Service Cooperative as a group purchasing pool. The Program's business and affairs are conducted by a twenty-five member Board of Directors consisting of two representatives from each county elected by a majority vote of all charter member schools within each county plus one representative from the fiscal agency A-site. The Treasurer of Findlay City Schools serves as coordinator of the Program. Each year, the participating school districts pay an enrollment fee to the Program to cover the costs of administering the Program.

The Mercer-Auglaize Schools Employee Benefits Trust - The Mercer-Auglaize Employee Benefit Trust (the Plan) is a public entity shared risk pool consisting of eight local school districts, two city school districts, one exempted village school district, and two educational service centers. The Plan is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides sick, accident and other benefits to the employees of the participating school districts. Each participating school district's superintendent is appointed to a Board of Trustees which advises the Trustee, Mid-American Bank, concerning aspects of the administration of the Trust.

22. CONTRACTUAL COMMITMENTS

As of June 30, 2000, the School District had contractual purchase commitments as follows:

Company	Project	Amount Remaining On Contract
Fanning/Howey Associates	Kindergarten Center	\$38,400
Shinn Brothers	Kindergarten Center	132,658
Lippincott Plumbing	Kindergarten Center	34,051
Ohio Plumbing and Electrical	Kindergarten Center	24,000
Dave York Sports	Stadium Renovation	89,164
Cardinal Bus Service	Bus	56,354
Heyne Construction	ADA Signage	16,780
Celina Glass	Kindergarten Center	24,700

23. SCHOOL FUNDING

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's Legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "School Foundation Program", which provides significant monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$5,087,064 of school foundation support for its General Fund.

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

23. SCHOOL FUNDING (Continued)

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the Ohio General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Supreme Court rendered an opinion on this issue. The Supreme Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled". The Supreme Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision; however, it found seven "...major areas warrant further attention, study, and development by the Ohio General Assembly...", including the State's reliance on local property tax funding; the State's basic aid formula; the school foundation program, as discussed above; the mechanism for, and adequacy of, funding for school facilities; and the existence of the State's School Solvency Assistance Fund, which the Supreme Court found took the place of the unconstitutional emergency school loan assistance program.

The Supreme Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

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

24. CONTINGENCIES

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure 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 School District at June 30, 2000.

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR YEAR ENDED JUNE 30, 2000**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
(Passed through Ohio Department of Education)						
Nutrition Cluster:						
Food Distribution	N/A	10.550	0	43,232	0	42,091
National School Lunch Program (B)	045310 03 & 04 -PU	10.555	60,235	0	60,235	0
Total U.S. Department of Agriculture - Nutrition Cluster			60,235	43,232	60,235	42,091
U.S. DEPARTMENT OF LABOR						
(Passed through Ohio Department of Education)						
Employment Services and Job Training Pilot	045310 WK-BE 00	17.249	0	0	5,300	0
Total U.S. Department of Labor			0	0	5,300	0
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
(Passed through Ohio Department of Education)						
Child Care and Development Block Grant	045310 DC-S1 2000	93.575	5,297	0	27,152	0
Total U.S. Department of Health and Human Services			5,297	0	27,152	0
U.S. DEPARTMENT OF EDUCATION						
(Passed through Ohio Department of Education)						
Special Education_Grants to States	045310-6B-SF 99P	84.027	18,106	0	18,106	0
Special Education_Grants to States	045310-6B-SF 00P	84.027	99,835	0	99,835	0
Total Special_Grants to States			117,941	0	117,941	0
Title I Grants to Local Educational Agencies	045310 C1-S1 99	84.010	10,042	0	5,164	0
Title I Grants to Local Educational Agencies	045310 C1-S1 00	84.010	50,657	0	50,657	0
Total			60,699	0	55,821	0
Classroom Size Reduction Grant	045310 CR-S1 00	84.340	18,284	0	18,284	0
Total			18,284	0	18,284	0
Safe and Drug-Free School and Communities State Grant	045310 DR-S1 98	84.186	0	0	4,835	0
Safe and Drug-Free School and Communities State Grant	045310 DR-S1 99	84.186	0	0	945	0
Safe and Drug-Free School and Communities State Grant	045310 DR-S1 00	84.186	6,914	0	4,850	0
Total			6,914	0	10,630	0
Eisenhower Professional Development State Grants	045310 MS-S1 99	84.281	0	0	795	0
Eisenhower Professional Development State Grants	045310 MS-S1 00	84.281	5,232	0	1,569	0
Total			5,232	0	2,364	0
Innovative Education Program Strategies	045310 C2-S1-99	84.298	1,114	0	7,431	0
Innovative Education Program Strategies	045310 C2-S1-00	84.298	2,484	0	1,230	0
Total			3,598	0	8,661	0
Technology Literacy Challenge Fund Grant	045310-TF-32-99P	84.318	0	0	150,000	0
Technology Literacy Challenge Fund Grant	045310-TF-32-00P	84.318	100,000	0	100,000	0
Technology Literacy Challenge Fund Grant	045310-TF-33-00P	84.318	62,500	0	62,500	0
Technology Literacy Challenge Fund Grant	045310-TF-34-00P	84.318	62,500	0	0	0
Total			225,000	0	312,500	0
Total U.S. Department of Education			437,668	0	526,201	0
Institute of Museum & Library Services (Passed through State Library of Ohio)						
State Library Program	V-7-A-2-99	45.310	20,774	0	9,031	0
Total Institute of Museum & Library Services			20,774	0	9,031	0
Total Federal Assistance			\$523,974	\$43,232	\$627,919	\$42,091

See Accompanying Notes to the Schedule of Federal Awards Expenditures

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2000**

NOTE A –SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Government's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B -NUTRITION CLUSTER

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2000, the District had \$ 6,993 in donated food commodity inventory.

NOTE C - MATCHING REQUIREMENTS

Certain federal programs require that the District contribute non-federal funds (matching funds) to support the federally-funded programs. The expenditure of non-federal funds is not included on the Schedule.

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STATE OF OHIO
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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE
AND ON INTERNAL CONTROL REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Coldwater Exempted Village School District
Mercer County
310 North Second Street
Coldwater, Ohio 45828

To the Board of Education:

We have audited the financial statements of Coldwater Exempted Village School District, Mercer County (the School District) as of and for the year ended June 30, 2000, and have issued our report thereon dated December 1, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 the School District's 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 that we have reported to the management of the School District in a separate letter dated December 1, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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 that do not require inclusion in this report, that we have reported to management of the School District in a separate letter dated December 1, 2000.

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

Jim Petro
Auditor of State

December 1, 2000



STATE OF OHIO
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**REPORT OF INDEPENDENT ACCOUNTANTS
ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Coldwater Exempted Village School District
Mercer County
310 North Second Street
Coldwater, Ohio 45828

To the Board of Education:

Compliance

We have audited the compliance of Coldwater Exempted Village School District, Mercer County (the 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 each of its major federal programs for the year ended June 30, 2000. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; 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 occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the 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 the School District's compliance with those requirements.

In our opinion, Coldwater Exempted Village School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2000.

Internal Control Over Compliance

The management of the 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 the 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.

Coldwater Exempted Village School District
Mercer County
Report of Independent Accountants on Compliance With Requirements Applicable
to Each Major Federal Program and Internal Control Over Compliance
In Accordance With OMB Circular A-133
Page 2

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.

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

Jim Petro
Auditor of State

December 1, 2000

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

FOR THE YEAR ENDED JUNE 30, 2000

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .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 material 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 § .510?	No
(d)(1)(vii)	Major Programs (list):	Technology Literacy Challenge Fund CFDA# 84.318 Special Education Grants to States CFDA #84.027
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.



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COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT

MERCER 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
DECEMBER 28, 2000**