



**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2001



**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 the Coldwater Exempted Village School District (the School District), Mercer County, as of and for the year ended June 30, 2001, 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 the Coldwater Exempted Village School District, Mercer County, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2001 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.

We performed our audit to form 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 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. We subjected this information 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

November 15, 2001

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**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
AS OF JUNE 30, 2001**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits:				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$1,395,177	\$395,600	\$277,119	\$139,429
Receivables:				
Property Taxes	2,636,743		379,226	
Payment in Lieu of Taxes				37,000
Income Taxes	204,397			
Accounts	8,870			
Intergovernmental	3,283	7,046		44,434
Accrued Interest	1,157			
Interfund Receivable	1,050			
Prepaid Items	15,014			
Inventory Held for Resale				
Materials and Supply Inventory				
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	111,562			
Fixed Assets (Net, where applicable, of Accumulated Depreciation)				
Other Debits:				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds				
Amount to be Provided from General Governmental Resources				
Total Assets and Other Debits	4,377,253	402,646	656,345	220,863
Liabilities, Fund Equity and Other Credits:				
Liabilities:				
Accounts Payable	19,466	3,292		3,110
Accrued Wages and Benefits	813,530			
Compensated Absences Payable	21,513			
Interfund Payable				1,050
Intergovernmental Payable	148,781			
Deferred Revenue	2,673,263		379,226	37,000
Due to Students				
Energy Conservation Notes Payable				
Asbestos Removal Loan Payable				
General Obligation Bonds Payable				
Total Liabilities	3,676,553	3,292	379,226	41,160
Fund Equity and Other Credits:				
Investment in General Fixed Assets				
Contributed Capital				
Retained Earnings:				
Unreserved				
Fund Balance:				
Reserved for Encumbrances	181,318	12,853		9,212
Reserved for Bus Purchases	484			
Reserved for Contributions				
Reserved for Textbooks and Instructional Materials	33,453			
Reserved for Capital Improvements	46,648			
Reserved for Budget Stabilization	30,977			
Designation for Textbooks and Instructional Materials	106,587			
Designation for Capital Improvements	83,287			
Unreserved	217,946	386,501	277,119	170,491
Total Fund Equity and Other Credits	700,700	399,354	277,119	179,703
Total Liabilities, Fund Equity and Other Credits	\$4,377,253	\$402,646	\$656,345	\$220,863

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			
\$119,578	\$188,534			\$2,515,437
				3,015,969
				37,000
4,250				204,397
				13,120
				54,763
				1,157
				1,050
12,411				15,014
508				12,411
				508
				111,562
105,095		13,775,723		13,880,818
			277,119	277,119
			4,008,367	4,008,367
<u>241,842</u>	<u>188,534</u>	<u>13,775,723</u>	<u>4,285,486</u>	<u>24,148,692</u>
				\$25,868
22,808				836,338
6,673			1,090,521	1,118,707
				1,050
14,947			53,255	216,983
10,070				3,099,559
	16,215			16,215
			25,682	25,682
			91,043	91,043
			3,024,985	3,024,985
<u>54,498</u>	<u>16,215</u>		<u>4,285,486</u>	<u>8,456,430</u>
		13,775,723		13,775,723
16,839				16,839
170,505				170,505
	91			203,474
				484
	134,370			134,370
				33,453
				46,648
				30,977
				106,587
				83,287
	37,858			1,089,915
<u>187,344</u>	<u>172,319</u>	<u>13,775,723</u>		<u>15,692,262</u>
<u>\$241,842</u>	<u>\$188,534</u>	<u>\$13,775,723</u>	<u>\$4,285,486</u>	<u>\$24,148,692</u>

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURE
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Governmental Fund Types</u>				<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Revenues:						
Property Tax	\$2,618,296		\$484,827			\$3,103,123
Payment in Lieu of Taxes				54,100		54,100
Income Tax	516,846					516,846
Intergovernmental	5,762,534	237,948	56,199	166,675		6,223,356
Interest	178,018				918	178,936
Tuition and Fees	38,835				780	39,615
Extracurricular Activities		256,197				256,197
Gifts and Donations		5,682				5,682
Customer Services	78,243					78,243
Miscellaneous	84,316	35,596				119,912
Total Revenues	<u>9,277,088</u>	<u>535,423</u>	<u>541,026</u>	<u>220,775</u>	<u>1,698</u>	<u>10,576,010</u>
Expenditures:						
Current:						
Instruction:						
Regular	4,846,534	361,665		56,905	1,193	5,266,297
Special	836,473	60,883				897,356
Vocational	513,888					513,888
Support Services:						
Pupils	335,206					335,206
Instructional Staff	336,263	68,849		2,975		408,087
Board of Education	12,487					12,487
Administration	750,117	1,827				751,944
Fiscal	224,421		10,780			235,201
Operation and Maintenance of Plant	745,024			216,900		961,924
Pupil Transportation	334,388	8,018				342,406
Central	33,055					33,055
Extracurricular Activities	204,400	255,219				459,619
Capital Outlay	49,897					49,897
Debt Service:						
Principal Retirement			393,527			393,527
Interest and Fiscal Charges			126,303			126,303
Total Expenditures	<u>9,222,153</u>	<u>756,461</u>	<u>530,610</u>	<u>276,780</u>	<u>1,193</u>	<u>10,787,197</u>
Excess of Revenues Over Expenditures	54,935	(221,038)	10,416	(56,005)	505	(211,187)
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	1,416					1,416
Operating Transfers In		151,047				151,047
Operating Transfers Out	(151,047)					(151,047)
Total Other Financing Sources (Uses)	<u>(149,631)</u>	<u>151,047</u>				<u>1,416</u>
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(94,696)	(69,991)	10,416	(56,005)	505	(209,771)
Fund Balances at Beginning of Year	795,396	469,345	266,703	235,708	18,122	1,785,274
Fund Balances at End of Year	<u>\$700,700</u>	<u>\$399,354</u>	<u>\$277,119</u>	<u>\$179,703</u>	<u>\$18,627</u>	<u>\$1,575,503</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, 2001**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Property Taxes	\$2,534,085	\$2,618,296	\$84,211			
Payment in Lieu of Taxes						
Income Taxes	530,000	533,260	3,260			
Intergovernmental	5,768,117	5,763,884	(4,233)	\$265,986	\$254,942	(\$11,044)
Interest	175,000	178,032	3,032			
Tuition and Fees	45,520	38,815	(6,705)			
Extracurricular Activities				258,536	258,736	200
Gifts and Donations				5,682	5,682	
Customer Services	46,500	78,243	31,743			
Miscellaneous	42,893	39,342	(3,551)	28,355	28,596	241
Total Revenues	<u>9,142,115</u>	<u>9,249,872</u>	<u>107,757</u>	<u>558,559</u>	<u>547,956</u>	<u>(10,603)</u>
Expenditures:						
Current:						
Instruction:						
Regular	5,154,308	5,032,349	121,959	587,478	369,385	218,093
Special	902,353	843,561	58,792	61,025	60,961	64
Vocational	561,846	531,961	29,885			
Support Services:						
Pupils	356,255	341,282	14,973	34,000		34,000
Instructional Staff	375,696	342,770	32,926	70,585	70,548	37
Board of Education	17,679	12,539	5,140			
Administration	799,504	754,693	44,811	1,827	1,827	
Fiscal	238,292	220,767	17,525			
Operation and Maintenance of Plant	1,000,370	917,827	82,543			
Pupil Transportation	395,211	354,601	40,610	10,000	8,018	1,982
Central	36,804	33,075	3,729	5,000		5,000
Extracurricular Activities	271,686	205,274	66,412	295,520	276,958	18,562
Capital Outlay	55,000	49,897	5,103			
Debt Service:						
Principal Retirement						
Interest and Fiscal Charges						
Total Expenditures	<u>10,165,004</u>	<u>9,640,596</u>	<u>524,408</u>	<u>1,065,435</u>	<u>787,697</u>	<u>277,738</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,022,889)</u>	<u>(390,724)</u>	<u>632,165</u>	<u>(506,876)</u>	<u>(239,741)</u>	<u>267,135</u>
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	2,000	1,416	(584)			
Other Financing Sources	100	87	(13)	9,262	7,000	(2,262)
Refund of Prior Year Expenditures	37,870	37,869	(1)			
Refund of Prior Year Receipts	(786)		786			
Advances In	25,100	44,050	18,950	100	100	
Advances Out	(100)	(100)		(25,100)	(25,100)	
Operating Transfers In				121,047	151,047	30,000
Operating Transfers Out	(151,047)	(151,047)				
Total Other Financing Sources (Uses)	<u>(86,863)</u>	<u>(67,725)</u>	<u>19,138</u>	<u>105,309</u>	<u>133,047</u>	<u>27,738</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(1,109,752)</u>	<u>(458,449)</u>	<u>651,303</u>	<u>(401,567)</u>	<u>(106,694)</u>	<u>294,873</u>
Fund Balances at Beginning of Year	1,267,648	1,267,648		467,240	467,241	1
Prior Year Encumbrances Appropriated	356,356	356,356		20,175	20,175	
Fund Balances at End of Year	<u>\$514,252</u>	<u>\$1,165,555</u>	<u>\$651,303</u>	<u>\$85,848</u>	<u>\$380,722</u>	<u>\$294,874</u>

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)
\$611,939	\$484,827	(\$127,112)						
			54,100	54,100				
60,378	56,199	(4,179)	122,241	122,241				
						918	918	
						780	780	
<u>672,317</u>	<u>541,026</u>	<u>(131,291)</u>	<u>176,341</u>	<u>176,341</u>		<u>1,698</u>	<u>1,698</u>	
			112,461	72,035	40,426	5,505	1,284	4,221
			5,642	3,643	1,999			
19,090	17,609	1,481	296,519	271,649	24,870			
393,528	393,527	1						
126,314	126,303	11						
<u>538,932</u>	<u>537,439</u>	<u>1,493</u>	<u>414,622</u>	<u>347,327</u>	<u>67,295</u>	<u>5,505</u>	<u>1,284</u>	<u>4,221</u>
<u>133,385</u>	<u>3,587</u>	<u>(129,798)</u>	<u>(238,281)</u>	<u>(170,986)</u>	<u>67,295</u>	<u>(3,807)</u>	<u>414</u>	<u>4,221</u>
			(18,950)	(18,950)				
			<u>(18,950)</u>	<u>(18,950)</u>				
133,385	3,587	(129,798)	(257,231)	(189,936)	67,295	(3,807)	414	4,221
273,532	273,532		54,278	54,277	(1)	17,924	17,924	
			262,766	262,766		198	198	
<u>\$406,917</u>	<u>\$277,119</u>	<u>(\$129,798)</u>	<u>\$59,813</u>	<u>\$127,107</u>	<u>\$67,294</u>	<u>\$14,315</u>	<u>\$18,536</u>	<u>\$4,221</u>

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**COMBINED STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND EQUITY/FUND BALANCE
PROPRIETARY FUND TYPE AND SIMILAR TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Operating Revenues:			
Sales	\$317,614		\$317,614
Tuition	660		660
Interest		7,607	7,607
Contribution and Donations		1,000	1,000
Other Operating Revenues	15,502	1,370	16,872
Total Operating Revenues	<u>333,776</u>	<u>9,977</u>	<u>343,753</u>
Operating Expenses:			
Salaries	120,840		120,840
Fringe Benefits	57,609		57,609
Purchased Services	13,580		13,580
Materials and Supplies	27,103		27,103
Cost of Sales	238,550		238,550
Depreciation	9,484		9,484
Other Operating Expenses	6,805	452	7,257
Total Operating Expenses	<u>473,971</u>	<u>452</u>	<u>474,423</u>
Operating Income (Loss)	<u>(140,195)</u>	<u>9,525</u>	<u>(130,670)</u>
Non-Operating Revenues (Expenses):			
Federal Commodities	54,325		54,325
Interest	5,075		5,075
Loss on Sale of Fixed Assets	(2,360)		(2,360)
Operating Grants	67,654		67,654
Total Non-Operating Revenues (Expenses)	<u>124,694</u>		<u>124,694</u>
Net Income (Loss)	<u>(15,501)</u>	<u>9,525</u>	<u>(5,976)</u>
Retained Earnings/Fund Balance at Beginning of Year	<u>186,006</u>	<u>144,167</u>	<u>330,173</u>
Retained Earnings/Fund Balance at End of Year	<u>170,505</u>	<u>153,692</u>	<u>324,197</u>
Contributed Capital at Beginning of Year			
Current Contributions from Capital Grants	<u>16,839</u>		<u>16,839</u>
Contributed Capital at End of Year	<u>16,839</u>		<u>16,839</u>
Fund Equity at End of Year	<u>\$187,344</u>	<u>\$153,692</u>	<u>\$341,036</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, 2001**

	<u>Enterprise</u>			<u>NonExpendable Trust</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:						
Sales	\$389,823	\$317,564	(\$72,259)			
Tuition	660	660				
Interest	7,000	5,075	(1,925)	7,607	7,607	
Operating Grants	90,845	91,062	217			
Contributions and Donations				1,000	1,000	
Proceeds from Sale of Fixed Assets						
Other Revenues	10,921	11,302	381	1,370	1,370	
Total Revenues	<u>499,249</u>	<u>425,663</u>	<u>(73,586)</u>	<u>9,977</u>	<u>9,977</u>	
Expenses:						
Salaries	132,627	124,799	7,828			
Fringe Benefits	58,049	52,852	5,197			
Purchased Services	23,310	14,931	8,379			
Materials and Supplies	246,800	211,753	35,047	1,000		1,000
Capital Outlay	60,691	35,058	25,633			
Other Operating Expenses	9,150	8,405	745	7,092	452	6,640
Total Expenses	<u>530,627</u>	<u>447,798</u>	<u>82,829</u>	<u>8,092</u>	<u>452</u>	<u>7,640</u>
Excess of Revenues Over (Under) Expenses	(31,378)	(22,135)	9,243	1,885	9,525	7,640
Fund Balances at Beginning of Year	133,123	133,123		143,715	143,715	
Prior Year Encumbrances Appropriated	1,888	1,888		452	452	
Fund Balances at End of Year	<u>\$103,633</u>	<u>\$112,876</u>	<u>\$9,243</u>	<u>\$146,052</u>	<u>\$153,692</u>	<u>\$7,640</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, 2001**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Nonexpendable Trust	(Memorandum Only)
Increase (Decrease) in Cash and Cash Equivalents:			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$328,633		\$328,633
Cash Received from Tuition Payments	660		660
Cash Received from Contributions and Donations		1,000	1,000
Cash Received from Other Operating Revenue	233	1,370	1,603
Cash Payments to Suppliers for Goods and Services	(224,600)		(224,600)
Cash Payments to Employees for Services	(124,799)		(124,799)
Cash Payments for Employee Benefits	(52,852)		(52,852)
Cash Payments for Other Expenses	(6,805)	(452)	(7,257)
Net Cash Provided by (Used for) Operating Activities	(79,530)	1,918	(77,612)
Cash Flows from Noncapital Financing Activities:			
Operating Grants Received	91,062		91,062
Cash Flows from Capital Financing Activities:			
Cash Payments for Acquisition of Fixed Assets	(32,040)		(32,040)
Cash Flows from Investing Activities:			
Cash Received from Interest	5,075	7,607	12,682
Net Increase in Cash and Cash Equivalents	(15,433)	9,525	(5,908)
Cash and Cash Equivalents at Beginning of Year	135,011	144,168	279,179
Cash and Cash Equivalents at End of Year	119,578	153,693	273,271
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:			
Operating Income (Loss)	(140,195)	9,525	(130,670)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used for Operating Activities:			
Depreciation	9,484		9,484
Interest		(7,607)	(7,607)
Donated Commodities Used During Year	54,325		54,325
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(4,250)		(4,250)
Decrease in Materials & Supplies Inventory	862		862
Increase in Inventory Held for Resale	512		512
Decrease in Accounts Payable	(1,067)		(1,067)
Increase in Accrued Wages and Benefits	3,641		3,641
Decrease in Compensated Absences Payable	(3,714)		(3,714)
Increase in Intergovernmental Payable	872		872
Total Adjustments	60,665	(7,607)	53,058
Net Cash Used for Operating Activities	(\$79,530)	\$1,918	(\$77,612)
Reconciliation of Trust and Agency Funds:			
Cash and Cash Equivalents - All Fiduciary Funds:		\$188,534	
Cash and Cash Equivalents - Agency Funds		(16,214)	
Cash and Cash Equivalents - Expendable Trust Funds		(18,627)	
Cash and Cash Equivalents - Nonexpendable Trust Fund		\$153,693	

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, 2001**

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 50 noncertified and 109 certificated full-time teaching personnel who provide services to 1,685 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 five 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, Northwestern Ohio Educational Research Council, Inc., 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2001
(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, 2001
(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 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 proprietary fund types are accounted for using 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. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Operating statements of these funds present increases (e.g., revenues) and decreases (e.g., 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 fund types and agency funds. The full accrual basis of accounting is followed for the proprietary fund types.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, income taxes, grants, interest, tuition, and student fees.

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred revenues arise when assets are recognized before revenue recognition criteria has been satisfied. Delinquent property taxes and property taxes for which there is an enforceable legal claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met and receivables that are not collected within the available period are also recorded as deferred revenue. On the modified accrual basis, revenues that are not collected within the available period are recorded as deferred revenue.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported 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 governmental funds.

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.

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2001.

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 and function level of expenditures for all funds, which is the legal level 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.

5. 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.

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. 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.

During fiscal year 2001, 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 2001. 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, 2001.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the General Fund during fiscal year amounted to \$178,018, which includes approximately \$82,579 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.

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2001, 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 a reserve for budget stabilization.

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 proprietary 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:

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Entitlements

General Fund

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

Non-Reimbursable Grants

Special Revenue Funds

- Education Management Information Systems
- Teacher Development
- Adult Vocational Grant
- Vocational Equipment Grant
- Title I Grant
- Title VI Grant
- Title VI-B Grant
- Title VI-R Grant
- Eisenhower Math and Science Grant
- Professional Development Block Grant
- Drug Free Grant
- School to Work Grant
- School Net Raising the Bar Grant
- Continuous Improvement Grant
- Tech Equity Training Grant
- Ohio Reads Grant
- Phonics Demonstration Grant
- LSTA Grant
- Early Childhood/After-School Grant
- Mentor/Entry Year Grant
- Safe Schools Grant

Capital Projects Funds

- School Net
- School Net Plus
- Technology Equity
- School Net Power Up

Reimbursable Grants

General Fund

- Driver Education
- Gifted Pupil Supplement
- Summer School

Capital Projects Funds

- Emergency Building Repair
- ADA Grant

Proprietary Funds

- National School Lunch Program
- Food Service Breakfast Grant
- Government Donated Commodities

Grants and Entitlements amounted to approximately 59% of the School District's operating revenues during the 2001 fiscal year.

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, school bus purchases, contributions, textbook and instructional materials, capital improvements, and budget stabilization.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents money set-aside to protect against cyclical changes in revenues and expenditures. The reserve for contributions signifies the legal restrictions on the use of principal. The designations for capital and textbooks represents revenue set aside that exceeds statutorily required amounts.

O. Contributed Capital

Contributed capital represents resources from other funds. These assets are recorded at their fair market value on the date contributed and are not subject to repayment.

P. 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.

Q. 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. CHANGES IN ACCOUNTING PRINCIPLE

For fiscal year 2001, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues". These statements establish accounting and financial reporting standards for nonexchange transactions involving financial or capital resources. The timing for the recognition of assets, liabilities, and expenditures/expenses resulting from nonexchange transactions will be the same whether the accrual or the modified accrual basis of accounting is required. However, for revenue recognition to occur on the modified accrual basis, the criteria established for accrual basis revenue recognition must be met and the revenues must be available. There was no material effect on the financial statements.

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

4. ACCOUNTABILITY

At June 30, 2001, the Classroom Facilities Grant capital projects fund had a deficit fund balance of \$1,050. The deficit resulted from the nonpayment of an advance from the general fund. When the advance is repaid to the general fund, the deficit fund balance will no longer exist.

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).
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	(\$94,696)	(\$69,991)	\$10,416	(\$56,005)	\$505
Adjustments:					
Revenue Accruals	22,914	19,533	0	(44,434)	0
Expenditure Accruals	(83,759)	(16,358)	(6,829)	(58,225)	0
Prepaid Items	(5,674)	0	0	0	0
Advances					
In	44,050	100	0	0	0
Out	(100)	(25,100)	0	(18,950)	0
Encumbrances Outstanding					
At Year End (Budget Basis)	(341,184)	(14,878)	0	(12,322)	(91)
Budget Basis	<u>(\$458,449)</u>	<u>(\$106,694)</u>	<u>\$3,587</u>	<u>(\$189,936)</u>	<u>\$414</u>

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

5. BUDGETARY BASIS OF ACCOUNTING (Continued)

**Net Loss/Excess of Revenues Under Expenses
Proprietary Fund Type**

	Enterprise
GAAP Basis	(\$15,501)
Adjustments:	
Revenue Accruals	2,319
Expense Accruals	(268)
Changes in Inventory Held for Resale	511
Changes in Supply Inventory	863
Capital Grants	16,839
Acquisition of Fixed Assets	(32,040)
Depreciation	9,484
Loss on Disposal of Fixed Assets	2,360
Encumbrances Outstanding	
At Year End (Budget Basis)	(6,702)
Budget Basis	\$(22,135)

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:

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

6. DEPOSITS AND INVESTMENTS (Continued)

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;
6. The State Treasurer's investment pool (STAROhio); and
7. Certain banker's acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.

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 District, 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 \$1,503 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."

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

6. DEPOSITS AND INVESTMENTS (Continued)

Deposits: - At fiscal year end, the carrying amount of the School District's deposits was \$2,561,359 and the bank balance was \$2,704,632. 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 requirements 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 \$64,137. 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	\$2,626,999	\$0
Cash on Hand	(1,503)	
Investments:		
STAR Ohio	(64,137)	64,137
GASB Statement 3	<u>\$2,561,359</u>	<u>\$64,137</u>

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 property, public utility property, and tangible personal (used in business) property located in the School District. Real and public utility property tax revenues received in calendar year 2001 represent the collection of calendar year 2000 taxes. Real property taxes for calendar year 2001 are 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.

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

7. PROPERTY TAXES (Continued)

Public utility real and tangible personal property taxes for calendar year 2001 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 2001 (other than public utility property) represent the collection of calendar year 2001 taxes. Tangible personal property taxes for calendar year 2001 were levied after April 1, 2001, on the value as of December 31, 2001. 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 advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2001, are available to finance fiscal year 2001 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 which were measurable as of June 30, 2001, and for which there is an enforceable legal claim. 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. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. There were no advances available at June 30, 2001 or June 30, 2000.

The assessed values upon which the fiscal year 2001 taxes were collected are

	2000 Second Half Collections		2001 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$89,076,860	82.68%	\$91,241,130	83.12%
Public Utility	4,786,230	4.44%	4,786,230	4.36%
Tangible Personal Property	13,873,990	12.88%	13,745,532	12.52%
Total Assessed Value	\$107,737,080	100.00%	\$109,772,892	100.00%
Tax rate per \$1,000 of assessed valuation	\$46.05		\$44.70	

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 2001 amounted to \$54,100.

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

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, 2001, 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:

	Amounts
General Fund	
Vocational Equipment Reimbursement	\$3,283
Special Revenue Fund	
Chapter I	7,046
Capital Projects Fund	
IVLD	44,434
Total	\$54,763

11. FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 2001, follows:

Furniture and Equipment	\$175,272
Less Accumulated Depreciation	(70,177)
Net Fixed Assets	\$105,095

A summary of the changes in general fixed assets during fiscal year 2001 is as follows:

Asset Category	Balance at 6/30/00	Additions	Deletions	Balance at 6/30/01
Land and Improvements	\$174,578	\$14,711	\$0	\$189,289
Leasehold Improvement	165,344	56,964	0	222,308
Buildings and Improvements	9,023,402	380,171	0	9,403,573
Furniture, Fixtures and Equipment	3,151,867	235,464	45,358	3,341,973
Vehicles	558,206	116,087	55,713	618,580
Totals	\$13,073,397	\$803,397	\$101,071	\$13,775,723

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(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 2001, 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)	\$27,527,951
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. 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. 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.

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

13. DEFINED BENEFIT PENSION PLANS

A. 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; 9.5 percent was the portion used to fund pension obligations for fiscal year 2001. For fiscal year 2000, 6 percent was the portion used to fund pension obligations. 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, 2001, 2000, and 1999 were \$460,066, \$280,980, and \$263,232, respectively; 82 percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$81,787 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

B. 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 at an actuarially determined rate. The current rate is 14 percent of annual covered payroll; 4.2 percent was the portion used to fund pension obligations for fiscal year 2001. For fiscal year 2000, 5.5 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, 2001, 2000, and 1999 were \$39,358, \$45,913, and \$57,661, respectively; 47 percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$20,779 representing the unpaid contribution for fiscal year 2001, 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, 2001
(Continued)**

13. DEFINED BENEFIT PENSION PLANS (Continued)

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, 2001, 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 obligations 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 2001, the Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$217,926 during the 2001 fiscal year.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3,419 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 \$283,137,000 and STRS had 99,011 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to 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 ended June 30, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll; an increase from 1.3 percent for fiscal year 2000. 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 2001, the minimum pay has been established at \$12,400. For the School District, the amount to fund health care benefits, including surcharge, equaled \$111,121 during the 2001 fiscal year.

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. Expense for health care for the fiscal year ended June 30, 2000 (the latest information available), was \$140,696,340 and the target level was \$211 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

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.

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 2001 were as follows:

	Principal Outstanding 6/30/00	Additions	Deductions	Principal Outstanding 6/30/01
General Long-Term Obligations:				
Energy Conservation Notes 4.75 - 5%	\$37,656	\$0	\$11,974	\$25,682
Asbestos Removal Loan 0%	107,596	0	16,553	91,043
1990 School Renovation Bonds 6.87%	655,000	0	25,000	630,000
1993 Refinance Addition Bonds 2.6 –5.5%	2,734,985	0	340,000	2,394,985
Intergovernmental Payable	54,974	53,255	54,974	53,255
Compensated Absences	1,012,396	78,125	0	1,090,521
Total General Long-Term Obligations	<u>\$4,602,607</u>	<u>\$131,380</u>	<u>\$448,501</u>	<u>\$4,285,486</u>

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

16. LONG-TERM OBLIGATIONS (Continued)

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.

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 \$7,014,970 with an unvoted debt margin of \$109,773 at June 30, 2001.

Principal and interest requirements to retire the long-term obligations at June 30, 2001 are as follows:

Fiscal Year Ending June 30	Amount
2002	\$518,673
2003	521,191
2004	507,318
2005	510,083
2006	507,677
2007 - 2011	2,471,273
2012 - 2016	<u>1,118,894</u>
Total	<u>\$6,155,109</u>

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

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. Effective April 10, 2001, S.B. No. 345 eliminated the requirement that districts establish and maintain a budget stabilization reserve. The ACT provided requirements for the disposal of any budget reserve balance that may have existed at April 10, 2001. For fiscal year 2001, only the unspent portion of certain workers' compensation refunds continues to be set aside at fiscal year end.

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, 2000	\$63,565	\$18,907	\$134,055	\$216,527
Revenue Required to be Set-aside	223,031	223,031	0	446,062
Amount Unrestricted by State Statute	0	0	(103,078)	(103,078)
Qualifying Expenditures (Paid in Cash)	(253,143)	(195,290)	0	(448,433)
Balance as of June 30, 2001	<u>\$33,453</u>	<u>\$46,648</u>	<u>\$30,977</u>	<u>\$111,078</u>

18. INTERFUND ACTIVITY

As of June 30, 2001, receivables and payables that resulted from various interfund transactions were as follows:

	<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>
General Fund	\$1,050	\$0
Capital Projects Fund		
Building Facilities Grant	0	1,050
Total	<u>\$1,050</u>	<u>\$1,050</u>

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, horticulture, and adult recreation. 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, 2001.

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

19. SEGMENT INFORMATION FOR ENTERPRISE FUNDS (Continued)

	<u>Food</u>	<u>Uniform</u> <u>School</u>	<u>Horticulture</u>	<u>Adult</u> <u>Recreation</u>	<u>Total</u>
Operating Revenues	\$295,024	\$22,823	\$15,269	\$660	\$333,776
Depreciation Expense	9,484	0	0	0	9,484
Operating Income (Loss)	(143,222)	705	2,308	14	(140,195)
Donated Commodities	54,325	0	0	0	54,325
Operating Grants	67,654	0	0	0	67,654
Net Income (Loss)	(18,528)	705	2,308	14	(15,501)
Current Contributed Capital	16,839	0	0	0	16,839
Fixed Assets Additions	(32,040)	0	0	0	(32,040)
Fixed Assets Deletions	5,106	0	0	0	5,106
Net Working Capital	61,108	18,920	17,388	1,576	98,992
Total Assets	203,958	18,920	17,388	1,576	241,842
Total Equity	149,460	18,920	17,388	1,576	187,344
Encumbrances Outstanding at June 30, 2001 (Budget Basis)	2,124	378	4,200	0	6,702

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.

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

20. JOINTLY GOVERNED ORGANIZATIONS

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.

Northwestern Ohio Education Research Council, Inc. - The Northwestern Ohio Educational Research Council, Inc. (NOERC) is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials, and provide opportunities for training. The NOERC serves a twenty-five county area in Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representatives from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues address by the Board of Directors. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., Box 456, Ashland, Ohio 44805.

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.

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

21. INSURANCE POOL (Continued)

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. CONTINGENCIES

A. 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, 2001.

23. STATE SCHOOL FUNDING DECISION

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

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

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

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of November 15, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

23. STATE SCHOOL FUNDING DECISION (Continued)

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

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

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

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		\$46,128		\$42,814
National School Lunch Program	045310 03 & 04 -PU	10.555	67,954		67,954	
Total U.S. Department of Agriculture - Nutrition Cluster			67,954	46,128	67,954	42,814
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	25,773			
Total U.S. Department of Health and Human Services			25,773			
U.S. DEPARTMENT OF EDUCATION						
(Passed through Ohio Department of Education)						
Special Education_Grants to States						
Special Education_Grants to States	045310-6B-SF 01P	84.027	99,502		99,502	
Total Special Education_Grants to States			99,502		99,502	
Title I Grants to Local Educational Agencies						
Title I Grants to Local Educational Agencies	045310 C1-S1 01	84.010	43,611		43,611	
Total			43,611		43,611	
Classroom Size Reduction Grant						
Classroom Size Reduction Grant	045310 CR-S1 01	84.340	19,806		19,806	
Safe and Drug-Free School and Communities State Grant						
Safe and Drug-Free School and Communities State Grant	045310 DR-S1 00	84.186			2,063	
Safe and Drug-Free School and Communities State Grant	045310 DR-S1 01	84.186	6,759		6,151	
Total			6,759		8,214	
Eisenhower Professional Development State Grants						
Eisenhower Professional Development State Grants	045310 MS-S1 00	84.281			3,662	
Eisenhower Professional Development State Grants	045310 MS-S1 01	84.281	5,170		5,088	
Total			5,170		8,750	
Innovative Education Program Strategies						
Innovative Education Program Strategies	045310 C2-S1-00	84.298	5,795		7,049	
Innovative Education Program Strategies	045310 C2-S1-01	84.298	8,066		5,760	
Total			13,861		12,809	
Technology Literacy Challenge Fund Grant						
Technology Literacy Challenge Fund Grant	045310-TF-34-00P	84.318	(3,998)		58,502	
Total U.S. Department of Education			184,711		251,194	
INSTITUTE OF MUSEUM & LIBRARY SERVICES						
(Passed through State Library of Ohio)						
State Library Program	V-7-A-2-99	45.310	100		11,843	
Total Institute of Museum & Library Services			100		11,843	
Total Federal Assistance			<u>\$278,538</u>	<u>\$46,128</u>	<u>\$330,991</u>	<u>\$42,814</u>

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 FISCAL YEAR ENDED JUNE 30, 2001**

NOTE A –SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B -FOOD DISTRIBUTION

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, 2001, the District had \$10,070 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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**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 Board of Education:

We have audited the financial statements of the Coldwater Exempted Village School District (the School District), Mercer County, as of and for the year ended June 30, 2001, and have issued our report thereon dated November 15, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether 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 a certain immaterial instance of noncompliance that we have reported to management of the School District in a separate letter dated November 15, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 November 15, 2001.

This report is intended for the information and use of the audit committee, management, 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

November 15, 2001



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO MAJOR FEDERAL PROGRAMS 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 the Coldwater Exempted Village School District (the School District), Mercer County, 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, 2001. 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 School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance 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.

As described in item 2001-10254-001 in the accompanying schedule of findings, the School District did not comply with requirements regarding special tests and provisions that are applicable to its Nutrition Cluster Program. Compliance with such requirement is necessary, in our opinion, for the School District to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the 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, 2001.

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.

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 the audit committee, management, 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

November 15, 2001

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

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	Qualified
(d)(1)(vi)	Are there any reportable findings under § .510?	Yes
(d)(1)(vii)	Major Programs (list):	Nutrition Cluster, CFDA #10.555 and #10.550 and 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

Finding Number	2001-10254-001
CFDA Title and Number	10.555 and 10.550 - Nutrition Cluster
Federal Award Number / Year	045310 03 & 04 - PU
Federal Agency	U.S. Department of Agriculture
Pass-Through Agency	Ohio Department of Education

7 CFR Section 250.16 states that accurate and complete records shall be maintained with respect to receipt, distribution/use, and inventory of donated foods.

Due to an error in recording the ending inventory, the School District overstated the donated food used on the MR-30 Report by \$11,511 for fiscal year 2001.

The School District should verify one month's ending inventory is the next month's beginning inventory and also verify their recording of receipts to ensure the accuracy of the donated foods used.

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2001-10254-001	Food Service Director will correct monthly reports when errors are found	June 30, 2002	Food Service Director



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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 18, 2001**