



Dave Yost • Auditor of State

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying modified cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Coldwater Exempted Village School District, Mercer County, Ohio (the School District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the modified cash accounting basis Note 2 describes. This responsibility includes determining that the modified cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Coldwater Exempted Village School District, Mercer County, Ohio, as of June 30, 2015, and the respective changes in modified cash financial position and the respective budgetary comparisons for the General and OFCC Project Maintenance funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

Ohio Administrative Code § 117-2-03(B) requires the School District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements. The financial statements are prepared on the modified cash basis of accounting, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental Information

Our audit was conducted to opine on the financial statements taken as a whole.

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

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

We applied no procedures to Management's Discussion & Analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2016, 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 grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

April 6, 2016

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Coldwater Exempted Village School District
Mercer County, Ohio

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

The discussion and analysis of the Coldwater Exempted Village School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2015 are as follows:

- In total, net position increased \$554,690, due to revenues consistently exceeding expenses.
- Outstanding debt decreased from \$6,665,344 to \$6,429,996 through principal payments made during the current year.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Coldwater Exempted Village School District as a whole, entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole School District. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. For fiscal year 2015, the General Fund, Debt Service Fund and OFCC Project Maintenance Fund are the School District's most significant funds.

Basis of Accounting

The School District has elected to present its financial statements on the modified cash basis of accounting. This modified cash basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles. The modified cash basis of accounting involves the measurement of cash and investments and changes in cash and investments resulting from cash receipt and disbursement transactions.

Essentially, the only assets reported on this strictly cash receipt and disbursement basis presentation in a statement of net position will be cash and investments. The statement of activities reports cash receipts and disbursements, or in other words, the sources and uses of cash and investments. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Coldwater Exempted Village School District
Mercer County, Ohio

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

Unaudited
(Continued)

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2015?" The statement of net position and the statement of activities answer this question.

These two statements report the School District's *net position* and *changes in net position*. This change in net position is important because it tells the reader that, for the School District as a whole, the *financial position* of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio which restrict revenue growth, facility conditions, required educational programs, and other factors.

In the statement of net position and the statement of activities, governmental activities include the School District's programs and services, including instruction, support services, extracurricular activities and food service operations.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 10. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds include the general fund, debt service fund and OFCC project maintenance fund.

Governmental Funds - Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the modified cash basis of accounting. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

Reporting the School District's Fiduciary Responsibilities

Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. These funds are not reflected in the government-wide financial statements because the resources are not available to support the School District's own programs. The accounting for the fiduciary funds is much like that used for proprietary funds.

**Coldwater Exempted Village School District
Mercer County, Ohio**

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

The School District as a Whole

Table 1 provides a summary of the School District's net position for fiscal year 2015 compared to 2014.

**(Table 1)
Net Position – Modified Cash Basis**

	Governmental Activities	
	2015	2014
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 6,518,892	\$ 5,964,202
<i>Total Assets</i>	6,518,892	5,964,202
Net Position		
Restricted for:		
Capital Outlay	17,384	15,884
Debt Service	804,276	833,723
Other Purposes	1,241,200	1,207,211
Unrestricted	4,456,032	3,907,384
<i>Total Net Position</i>	\$ 6,518,892	\$ 5,964,202

Net position of the governmental activities increased \$554,690, which represents a 9 percent increase from fiscal year 2014. The increase in net position is the result of revenues consistently exceeding disbursements.

A portion of the School District's net position, \$2,062,860 or 32 percent represents resources subject to external restrictions on how they may be used. The remaining balance of the government-wide unrestricted net position of \$4,456,032 may be used to meet the School District's ongoing obligations.

Coldwater Exempted Village School District
Mercer County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited
(Continued)

Table 2 shows the changes in net position for fiscal year 2015 as compared to fiscal year 2014.

(Table 2)
Changes in Net Position – Modified Cash Basis

	Governmental Activities	
	2015	2014
Receipts		
Program Receipts		
Charges for Services and Sales	\$ 1,514,367	\$ 1,562,606
Operating Grants, Contributions and Interest	1,192,502	1,171,400
<i>Total Program Receipts</i>	<u>2,706,869</u>	<u>2,734,006</u>
General Receipts		
Property Taxes	4,160,494	4,045,938
Income Taxes	888,618	857,224
Grants and Entitlements not Restricted to		
Specific Programs	7,590,266	7,480,722
Payments in Lieu of Taxes	1,500	1,500
Proceeds from Sale of Assets	1,875	4,013
Investment Earnings	19,569	16,091
Miscellaneous	140,343	166,247
<i>Total General Receipts</i>	<u>12,802,665</u>	<u>12,571,735</u>
<i>Total Receipts</i>	<u>15,509,534</u>	<u>15,305,741</u>
Program Disbursements		
Instruction:		
Regular	7,244,784	6,629,066
Special	1,652,729	1,614,821
Vocational	516,252	755,592
Support Services:		
Pupils	433,455	401,707
Instructional Staff	322,549	374,405
Board of Education	16,023	15,501
Administration	1,128,218	1,144,337
Fiscal	388,868	385,248
Operation and Maintenance of Plant	1,063,087	982,094
Pupil Transportation	350,758	436,290
Central	29,696	33,864
Operation of Non-Instructional Services:		
Food Service Operations	537,717	517,680
Extracurricular Activities	631,915	622,754
Capital Outlay	770	770
Debt Service:		
Principal Retirement	235,348	239,648
Interest and Fiscal Charges	402,675	399,015
<i>Total Program Disbursements</i>	<u>14,954,844</u>	<u>14,552,792</u>
<i>Change in Net Position</i>	554,690	752,949
<i>Net Position Beginning of Year</i>	<u>5,964,202</u>	<u>5,211,253</u>
<i>Net Position End of Year</i>	<u>\$ 6,518,892</u>	<u>\$ 5,964,202</u>

Several receipt sources fund the School District's governmental activities with unrestricted grants and entitlements being the largest contributor. Unrestricted grants and entitlements generated \$7.6 million in fiscal year 2015. General receipts from property and income taxes are also a large generator, of \$5 million.

**Coldwater Exempted Village School District
Mercer County, Ohio**

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

Certain foundation payments for special education and transportation were reclassified to program revenue from general revenue for fiscal year 2015. For comparability purposes, fiscal year 2014 was also updated in Tables 2 and 3 to reflect this change.

The School District purchased Chrome Books for the students and gave the instructors a 2 percent increase and reinstated the step movement which resulted in an increase of \$615,718 in regular instruction. The instructors' pay increases were frozen for two years.

Governmental Activities

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**(Table 3)
Governmental Activities – Modified Cash Basis**

	Total Costs of Services		Net Costs of Services	
	2015	2014	2015	2014
<i>Program Disbursements</i>				
Instruction:				
Regular	\$ 7,244,784	\$ 6,629,066	\$ 6,178,866	\$ 5,649,444
Special	1,652,729	1,614,821	1,083,541	1,066,962
Vocational	516,252	755,592	427,121	609,237
Support Services:				
Pupils	433,455	401,707	428,055	401,707
Instructional Staff	322,549	374,405	322,549	335,760
Board of Education	16,023	15,501	16,023	15,501
Administration	1,128,218	1,144,337	1,054,146	1,029,059
Fiscal	388,868	385,248	388,868	384,415
Operation and Maintenance of Plant	1,063,087	982,094	1,063,087	944,950
Pupil Transportation	350,758	436,290	344,413	427,111
Central	29,696	33,864	29,696	33,864
Operation of Non-Instructional Services:				
Food Service Operations	537,717	517,680	(12,229)	13,194
Extracurricular Activities	631,915	622,754	285,046	268,149
Capital Outlay	770	770	770	770
Debt Service:				
Principal Retirement	235,348	239,648	235,348	239,648
Interest and Fiscal Charges	402,675	399,015	402,675	399,015
<i>Total</i>	\$ 14,954,844	\$ 14,552,792	\$ 12,247,975	\$ 11,818,786

The dependence upon tax revenues and general revenue entitlements from the State for governmental activities is apparent. Program revenues only account for 18 percent of all governmental expenses. The community is the largest area of support for the School District students.

**Coldwater Exempted Village School District
Mercer County, Ohio**

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

*Unaudited
(Continued)*

The School District's Funds

The School District's governmental funds are accounted for using the modified cash basis of accounting.

The School District's governmental funds reported a combined fund balance of \$6,518,892, which is higher than the prior year balance of \$5,964,202.

The General Fund had total cash receipts of \$13,537,436, excluding Other Financing Sources. The cash disbursements of the General Fund totaled \$12,980,604, excluding Other Financing Sources. The General Fund's fund balance increased \$506,979 in fiscal year 2015. The increase in fund balance is the result of revenues consistently exceeding disbursements.

The OFCC Project Maintenance Fund had total cash receipts of \$105,478 and total cash disbursements of \$40,558, for an increase in fund balance of \$64,920 in fiscal year 2015. The increase in fund balance is due to the District's revenues exceeding expenditures.

The Debt Service Fund had total cash receipts of \$621,549 and total cash disbursements of \$650,996, for a decrease in fund balance of \$29,447 in fiscal year 2015. The decrease in fund balance is primarily due to the timing of tax collections compared to debt retirement payments.

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

During the course of fiscal year 2015, the School District amended its general fund budget. For the general fund, final budget basis receipts were \$13,234,871, excluding Other Financing Sources, representing an increase of \$45,337 from the original estimate of \$13,189,534, excluding Other Financing Sources as more tuition and fees was expected than originally budgeted. Actual receipts of \$13,374,882, excluding Other Financing Sources were \$140,011 more than the final budget.

For fiscal year 2015, the general fund final budget basis disbursements were \$13,261,620, excluding Other Financing Uses, which is more than the original budgeted disbursements of \$13,182,902. Actual disbursements of \$12,824,303, excluding Other Financing Uses, were \$437,317 lower than the final budget. The School District was able to keep costs lower than budgeted for and within receipts received.

Coldwater Exempted Village School District
Mercer County, Ohio

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

Unaudited
(Continued)

Debt Administration

The School District had the following long-term obligations outstanding at June 30, 2015 and 2014.

(Table 4)
Outstanding Debt, at June 30

	Governmental Activities	
	2015	2014
1990 Renovation Bonds	\$ 0	\$ 70,000
2002 School Improvement Capital Appreciation Bonds	0	65,348
2012 Refunding Bonds - Serial, Term and Capital Appreciation Bonds	6,429,996	6,529,996
<i>Total</i>	<u>\$ 6,429,996</u>	<u>\$ 6,665,344</u>

For further information regarding the School District's debt, refer to Note 7 of the basic financial statements.

Current Issues

There are several large factors that greatly impact the School District's financial stability: 1) the State's educational funding, which is hard to determine and dependent upon the legislators, 2) health insurance costs, and 3) the economy.

The passage of the Ohio School Facilities Grant building program levy in November 2002 brings additional material requiring examination. The enlargement/addition of a building means increased operational costs, depending upon the end product, as well as additional personnel costs to maintain the new building sections.

The Coldwater Exempted Village School District has not anticipated any meaningful growth in State receipts. It is forecasted that the impact of the cost-of-doing-business factor reduction coupled with stable enrollment will have a negative impact on intergovernmental receipts. Each biennial budget brings with it a new set of concerns, as public K-12 is impacted by the State's budget adoption.

The Coldwater Exempted Village School District continues to receive strong support from the residents of the School District. As the preceding information shows, the School District relies heavily on its local property taxpayers. The community passed a \$550,000 emergency operating levy in March, 2012.

Real estate and personal property tax collections have shown small increases. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a levy will not increase solely as a result of inflation due to Ohio House Bill 920 (passed in 1976). As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later, the home was reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00. Thus, school districts dependence upon property taxes is hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. It should be noted fiscal year 2008 saw, for the most part, the last of the personal tangible tax payments that would flow to the school district with the replacement of that tax with the Commercial Activity Tax (CAT).

**Coldwater Exempted Village School District
Mercer County, Ohio**

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

*Unaudited
(Continued)*

The School District has also been affected by income instability and changes in the personal property tax structure (utility deregulation) and commercial business/property uncertainties. Management has diligently planned expenses so that every attempt is made not to seek additional operating levies. This has been made increasingly difficult with mandates in gifted education, rising utility costs, increased special education services required for our students, and significant increases in health insurance and property/liability/fleet insurance.

There are major events occurring worldwide that affect our local district operations: federal spending being redirected (due to security issues and other defense needs), changes in law affecting agriculture (since Mercer County is the top agricultural county in the state), and area manufacturing plant layoffs/shutdowns. The economic impact from any or all of these would cause a reduction or loss of state and/or federal subsidies. Businesses such as Pax Steel, Coldwater Implement, Lefeld Implement, Helena Chemical, Mercer Landmark, Coldwater Grain and other county agricultural groups would certainly feel the fallout from decisions affecting agriculture, which in turn would affect local employment. In addition, the high cost of diesel fuel has directly affected not only transportation cost but also other purchases. Vendors recouping their own manufacturing and transportation costs increases the prices of merchandise sold to schools. In summary, management must consider what is happening in the economy and its impact on goods and services needed to operate the district.

Management's vision is for the budgetary process to eventually become driven by the curriculum. This will require additional time by staff and building administrators to be spent on evaluating needs, existing expenses, and consideration of reallocation of spending. This is a commitment to be made by all staff, but management is planning to see a budgetary process established in this manner.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Michelle Mawer, Treasurer of Coldwater Exempted Village School District, 310 North Second Street, Coldwater, OH 45828.

Coldwater Exempted Village School District
Mercer County, Ohio
Statement of Net Position - Modified Cash Basis
June 30, 2015

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 6,518,892
<i>Total Assets</i>	\$ 6,518,892
Net Position	
Restricted for:	
Capital Outlay	\$ 17,384
Debt Service	804,276
Other Purposes	1,241,200
Unrestricted	4,456,032
<i>Total Net Position</i>	\$ 6,518,892

See accompanying notes to the basic financial statements.

**Coldwater Exempted Village School District
Mercer County, Ohio**

*Statement of Activities - Modified Cash Basis
For the Fiscal Year Ended June 30, 2015*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$ 7,244,784	\$ 932,965	\$ 132,953	\$ (6,178,866)
Special	1,652,729	118,727	450,461	(1,083,541)
Vocational	516,252	0	89,131	(427,121)
Support Services:				
Pupils	433,455	0	5,400	(428,055)
Instructional Staff	322,549	0	0	(322,549)
Board of Education	16,023	0	0	(16,023)
Administration	1,128,218	0	74,072	(1,054,146)
Fiscal	388,868	0	0	(388,868)
Operation and Maintenance of Plant	1,063,087	0	0	(1,063,087)
Pupil Transportation	350,758	0	6,345	(344,413)
Central	29,696	0	0	(29,696)
Operation of Non-Instructional Services:				
Food Service Operations	537,717	396,891	153,055	12,229
Extracurricular Activities	631,915	65,784	281,085	(285,046)
Capital Outlay	770	0	0	(770)
Debt Service:				
Principal Retirement	235,348	0	0	(235,348)
Interest and Fiscal Charges	402,675	0	0	(402,675)
<i>Totals</i>	<u>\$ 14,954,844</u>	<u>\$ 1,514,367</u>	<u>\$ 1,192,502</u>	<u>(12,247,975)</u>

General Receipts

Property Taxes Levied for:	
General Purposes	3,589,598
Debt Service	521,547
Building Maintenance	49,349
Income Taxes Levied for:	
General Purposes	888,618
Grants and Entitlements not Restricted to Specific Programs	7,590,266
Payments in Lieu of Taxes	1,500
Proceeds from Sale of Assets	1,875
Investment Earnings	19,569
Miscellaneous	140,343
<i>Total General Receipts</i>	<u>12,802,665</u>
<i>Change in Net Position</i>	554,690
<i>Net Position Beginning of Year</i>	<u>5,964,202</u>
<i>Net Position End of Year</i>	<u>\$ 6,518,892</u>

See accompanying notes to the basic financial statements.

Coldwater Exempted Village School District
Mercer County, Ohio
Statement of Assets and Fund Balances - Modified Cash Basis
Governmental Funds
June 30, 2015

	General Fund	OFCC Project Maintenance Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 4,548,642	\$ 701,876	\$ 804,276	\$ 464,098	\$ 6,518,892
<i>Total Assets</i>	<u>\$ 4,548,642</u>	<u>\$ 701,876</u>	<u>\$ 804,276</u>	<u>\$ 464,098</u>	<u>\$ 6,518,892</u>
Fund Balances					
Nonspendable	\$ 381	\$ 0	\$ 0	\$ 0	\$ 381
Restricted	30,977	701,876	804,276	464,098	2,001,227
Committed	92,229	0	0	0	92,229
Assigned	124,080	0	0	0	124,080
Unassigned	4,300,975	0	0	0	4,300,975
<i>Total Fund Balances</i>	<u>\$ 4,548,642</u>	<u>\$ 701,876</u>	<u>\$ 804,276</u>	<u>\$ 464,098</u>	<u>\$ 6,518,892</u>

See accompanying notes to the basic financial statements.

Coldwater Exempted Village School District
Mercer County, Ohio
Statement of Receipts, Disbursements and Changes
in Fund Balances - Modified Cash Basis - Governmental Funds
For the Fiscal Year Ended June 30, 2015

	General Fund	OFCC Project Maintenance Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$ 3,589,598	\$ 49,349	\$ 521,547	\$ 0	\$ 4,160,494
Income Taxes	888,618	0	0	0	888,618
Intergovernmental	7,815,270	56,129	100,002	527,201	8,498,602
Investment Income	19,569	0	0	689	20,258
Tuition and Fees	972,528	0	0	0	972,528
Rent	6,566	0	0	0	6,566
Payments in Lieu of Taxes	0	0	0	1,500	1,500
Extracurricular Activities	65,716	0	0	265,009	330,725
Gifts and Donations	2,390	0	0	16,076	18,466
Customer Sales and Services	72,668	0	0	396,891	469,559
Miscellaneous	104,513	0	0	35,830	140,343
<i>Total Receipts</i>	<u>13,537,436</u>	<u>105,478</u>	<u>621,549</u>	<u>1,243,196</u>	<u>15,507,659</u>
Disbursements					
Current:					
Instruction:					
Regular	7,108,885	0	0	135,899	7,244,784
Special	1,459,639	0	0	193,090	1,652,729
Vocational	493,695	0	0	22,557	516,252
Support Services:					
Pupils	433,455	0	0	0	433,455
Instructional Staff	317,149	0	0	5,400	322,549
Board of Education	16,023	0	0	0	16,023
Administration	1,026,030	0	0	102,188	1,128,218
Fiscal	374,689	1,206	12,973	0	388,868
Operation and Maintenance of Plant	1,005,053	39,352	0	18,682	1,063,087
Pupil Transportation	350,758	0	0	0	350,758
Central	29,696	0	0	0	29,696
Extracurricular Activities	364,762	0	0	267,153	631,915
Operation of Non-Instructional Services:					
Food Service Operations	0	0	0	537,717	537,717
Capital Outlay	770	0	0	0	770
Debt Service:					
Principal Retirement	0	0	235,348	0	235,348
Interest and Fiscal Charges	0	0	402,675	0	402,675
<i>Total Disbursements</i>	<u>12,980,604</u>	<u>40,558</u>	<u>650,996</u>	<u>1,282,686</u>	<u>14,954,844</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>556,832</u>	<u>64,920</u>	<u>(29,447)</u>	<u>(39,490)</u>	<u>552,815</u>
Other Financing Sources (Uses)					
Proceeds from Sale of Assets	1,875	0	0	0	1,875
Advances In	11,652	0	0	63,380	75,032
Advances Out	(63,380)	0	0	(11,652)	(75,032)
<i>Total Other Financing Sources (Uses)</i>	<u>(49,853)</u>	<u>0</u>	<u>0</u>	<u>51,728</u>	<u>1,875</u>
<i>Net Change in Fund Balances</i>	506,979	64,920	(29,447)	12,238	554,690
<i>Fund Balances Beginning of Year</i>	<u>4,041,663</u>	<u>636,956</u>	<u>833,723</u>	<u>451,860</u>	<u>5,964,202</u>
<i>Fund Balances End of Year</i>	<u>\$ 4,548,642</u>	<u>\$ 701,876</u>	<u>\$ 804,276</u>	<u>\$ 464,098</u>	<u>\$ 6,518,892</u>

See accompanying notes to the basic financial statements.

Coldwater Exempted Village School District
Mercer County, Ohio
Statement of Receipts, Disbursements and Changes in Cash Basis Fund
Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
Receipts				
Property and Other Local Taxes	\$ 3,557,085	\$ 3,541,688	\$ 3,589,598	\$ 47,910
Income Tax	878,166	874,354	888,618	14,264
Intergovernmental	7,865,695	7,838,716	7,815,270	(23,446)
Interest	15,584	15,500	19,569	4,069
Tuition and Fees	793,187	882,179	972,459	90,280
Rent	3,128	6,100	6,566	466
Customer Sales and Services	74,721	74,409	72,668	(1,741)
Miscellaneous	1,968	1,925	10,134	8209
<i>Total Receipts</i>	<u>13,189,534</u>	<u>13,234,871</u>	<u>13,374,882</u>	<u>140,011</u>
Disbursements				
Current:				
Instruction:				
Regular	6,812,983	7,052,949	6,936,983	115,966
Special	1,455,386	1,510,943	1,461,662	49,281
Vocational	791,375	604,025	499,559	104,466
Support Services:				
Pupils	415,787	447,881	436,376	11,505
Instructional Staff	279,666	341,930	317,923	24,007
Board of Education	16,538	17,263	16,023	1,240
Administration	1,179,143	1,097,727	1,028,679	69,048
Fiscal	610,976	412,940	401,469	11,471
Operation and Maintenance of Plant	955,701	1,066,305	1,043,747	22,558
Pupil Transportation	346,155	368,631	350,665	17,966
Central	34,696	34,974	29,696	5,278
Extracurricular Activities	283,743	305,282	300,751	4,531
Capital Outlay:				
Site Improvement Services	753	770	770	0
<i>Total Disbursements</i>	<u>13,182,902</u>	<u>13,261,620</u>	<u>12,824,303</u>	<u>437,317</u>
<i>Excess of Revenues Over (Under) Disbursements</i>	<u>6,632</u>	<u>(26,749)</u>	<u>550,579</u>	<u>577,328</u>
Other Financing Sources (Uses)				
Advances In	10,000	27,000	26,652	(348)
Proceeds from Sale of Assets	0	0	1,875	1,875
Refund of Prior Year Expenditures	10,000	40,000	42,067	2,067
Transfers Out	0	(100,000)	(100,000)	0
Advances Out	0	(78,380)	(78,380)	0
<i>Total Other Financing Sources (Uses)</i>	<u>20,000</u>	<u>(111,380)</u>	<u>(107,786)</u>	<u>3,594</u>
<i>Net Change in Fund Balance</i>	26,632	(138,129)	442,793	580,922
<i>Fund Balance Beginning of Year</i>	3,269,268	3,269,268	3,269,268	0
Prior Year Encumbrances Appropriated	603,405	603,405	603,405	0
<i>Fund Balance End of Year</i>	<u>\$ 3,899,305</u>	<u>\$ 3,734,544</u>	<u>\$ 4,315,466</u>	<u>\$ 580,922</u>

See accompanying notes to the basic financial statements.

Coldwater Exempted Village School District
Statement of Receipts, Disbursements and Changes
In Cash Basis Fund Balance - Budget and Actual (Budget Basis)
OFCC Project Maintenance Fund
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 49,000	\$ 49,000	\$ 49,349	\$ 349
Intergovernmental	56,230	56,226	56,129	(97)
<i>Total Receipts</i>	<u>105,230</u>	<u>105,226</u>	<u>105,478</u>	<u>252</u>
Disbursements				
Support Services:				
Fiscal	4,967	1,550	1,206	344
Operation and Maintenance of Plant	194,656	198,073	51,732	146,341
<i>Total Disbursements</i>	<u>199,623</u>	<u>199,623</u>	<u>52,938</u>	<u>146,685</u>
<i>Net Change in Fund Balance</i>	(94,393)	(94,397)	52,540	146,937
<i>Fund Balance Beginning of Year</i>	618,883	618,883	618,883	0
Prior Year Encumbrances Appropriated	18,073	18,073	18,073	0
<i>Fund Balance End of Year</i>	<u>\$ 542,563</u>	<u>\$ 542,559</u>	<u>\$ 689,496</u>	<u>\$ 146,937</u>

See accompanying notes to the basic financial statements.

Coldwater Exempted Village School District
Mercer County, Ohio
Statement of Fiduciary Net Position - Modified Cash Basis
Fiduciary Funds
June 30, 2015

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 199,864	\$ 29,476
Investments	29,305	0
Cash and Cash Equivalents in Segregated Accounts	0	10,729
<i>Total Assets</i>	\$ 229,169	\$ 40,205
Net Position		
Held for Endowments	\$ 159,790	\$ 0
Held in Trust for Scholarships	69,379	0
Held for Employees	0	17,205
Held for Student Activities	0	23,000
<i>Total Net Position</i>	\$ 229,169	\$ 40,205

See accompanying notes to the basic financial statements.

Coldwater Exempted Village School District
Mercer County, Ohio
Statement of Changes in Fiduciary Net Position - Modified Cash Basis
Fiduciary Funds
For the Fiscal Year Ended June 30, 2015

	Scholarship
Additions	
Gifts and Contributions	\$ 1,225
Earnings on Investments	(4,513)
<i>Total Additions</i>	<i>(3,288)</i>
 Deductions	
Scholarships	5,767
<i>Change in Net Position</i>	<i>(9,055)</i>
<i>Net Position Beginning of Year</i>	<i>238,224</i>
<i>Net Position End of Year</i>	<i>\$ 229,169</i>

See accompanying notes to the basic financial statements.

Coldwater Exempted Village School District
Mercer County, Ohio

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2015

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Coldwater Exempted Village School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District is located in Mercer County. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by state statute and/or federal guidelines.

A reporting entity is composed of the primary government, component units, and other organizations that are included to insure the financial statements are not misleading. The primary government of the School District 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. There are no component units of the Coldwater Exempted Village School District.

The School District is associated with four jointly governed organizations and two insurance pools. These organizations include the Northwest Ohio Area Computer Services Cooperative, West Central Regional Professional Development Center, Educational Regional Service System Region 6, Mercer County Local Professional Development Committee, Comp Management Workers' Compensation Group Rating Plan, and the Mercer-Auglaize Schools Employee Benefits Trust. These organizations are presented in Notes 13 and 14 of the financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.A., these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. Following are the more significant of the School District's accounting policies.

Coldwater Exempted Village School District
Mercer County, Ohio

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2015
(Continued)

A. Basis of Accounting

Although Ohio Administrative Code Section 117-2-03 (B) requires the School District's financial report to follow generally accepted accounting principles, the School District chooses to prepare its financial statements and notes in accordance with the modified cash basis of accounting. The modified cash basis of accounting is a comprehensive basis of accounting other than GAAP. The School District recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred.

As a result of the use of this modified cash basis of accounting, certain assets and deferred outflows of resources and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and deferred inflows of resources and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraphs.

B. Basis of Presentation - Fund Accounting

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and Statement of Activities display information about the School District as a whole. The statements include all funds of the School District except for fiduciary funds.

The Statement of Net Position presents the financial condition of the governmental activities of the School District at year-end. The Statement of Activities presents a comparison between disbursements and program receipts for each program or function of the School District's governmental activities. Disbursements are those that are specifically associated with a service, program or department, and therefore, clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Receipts, which are not classified as program receipts, are presented as general receipts of the School District with certain limited exceptions. The comparison of disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing or draws from the general resources of the School District. Governmental activities generally are financed through taxes, intergovernmental receipts, and other non-exchange receipts.

Coldwater Exempted Village School District
Mercer County, Ohio
Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2015
(Continued)

FUND FINANCIAL STATEMENTS

During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a single column. Fiduciary funds are reported by type.

Fund financial statements of the School District are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts and disbursements. Funds are organized into two major categories: governmental and fiduciary. An emphasis is placed on major funds within the governmental category.

A fund is considered major if it is the primary operating fund of the School District or meets the following criteria:

1. Total assets, receipts, or disbursements of that individual governmental are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, receipts, or disbursements of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

The funds of the financial reporting entity are described below.

Governmental Funds/Governmental Activities

Governmental funds are those through which most governmental functions of the School District are financed. The following are the School District's major governmental funds:

General Fund - The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

OFCC Project Maintenance Fund – This fund is used to account for all transactions related to the maintenance and repair of the facility, including preventative maintenance, periodic repairs, and the replacement of facility components.

The other governmental funds of the School District account for grants and other resources in which the School District is bound to observe constraints imposed upon the use of the resources.

Coldwater Exempted Village School District
Mercer County, Ohio
Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2015
(Continued)

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 private purpose trust funds and agency funds. The School District's private purpose trust funds account for endowments and scholarships for students. Agency funds are custodial in nature (assets equal net position) and do not involve measurement of results of operations. The School District's agency funds include various student-managed activities and an employees' Section 125 reimbursement account.

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 selected by the Board is at the object level for the General Fund and at the fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations at the object level within all other Funds are made by the Treasurer. Advances in and advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

Tax Budget

On March 17, 2009, the Mercer County Budget Commission voted to waive the requirement that school districts adopt a tax budget as required by Section 5705.28 of the Ohio Revised Code, by January 15 and the filing by January 20. The Budget Commission now requires an alternate tax budget be submitted by January 20 which no longer requires specific Board approval.

Estimated Resources

The County Budget Commission certifies its actions to the School District by March 1. As part of this certification, the School District receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about July 1 this certificate is amended to include any unencumbered balances from the preceding fiscal year. Prior to June 30, the School District must revise its budget so that the total contemplated disbursements from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual 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 receipts are identified by the School District Treasurer.

Coldwater Exempted Village School District
Mercer County, Ohio
Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2015
(Continued)

Appropriations

A temporary appropriation measure to control cash disbursements may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation measure must be passed by October 1 of each year for the period July 1 to June 30. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board of Education during the fiscal year.

Encumbrances

The School District is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. Expenditures plus encumbrances may not legally exceed appropriations. Encumbrances at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds.

Lapsing of Appropriations

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

D. Cash and Investments

To improve cash management, all cash received by the School District is pooled. Monies for all funds, including fiduciary funds, are maintained in this pool. Individual fund integrity is maintained through School District accounting records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

Investments of the School District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash and cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During fiscal year 2015, the School District invested in certificates of deposits and stock.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2015 were \$19,569, which includes \$6,126 assigned from other School District funds.

Coldwater Exempted Village School District
Mercer County, Ohio
Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2015
(Continued)

E. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

F. Capital Assets

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. The financial statements do not report these assets. Depreciation is not recorded on these capital assets.

G. Accumulated Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the modified cash basis of accounting used by the School District.

H. Long-Term Debt

Long-term debt arising from modified cash basis transactions of governmental funds are not reported as liabilities in the fund financial statements. The debt proceeds are reported as cash when received and payment of principal and interest are reported as disbursements when paid.

I. Intergovernmental Receipts

Unrestricted intergovernmental receipts received on the basis of entitlement are recorded as receipts when the entitlement is received.

J. Inventory and Prepaid Items

The School District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

K. Interfund Receivables/Payables

During the course of normal operations, the School District has transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund through which resources are to be expended are recorded as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/disbursements in the reimbursing fund and a reduction in expenditures/disbursement in the reimbursed fund.

Coldwater Exempted Village School District
Mercer County, Ohio
Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2015
(Continued)

The School District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities on the accompanying financial statements. See Note 16 for interfund cash advances.

L. Employer Contributions to Cost-Sharing Pension Plans

The School District recognizes disbursements for employer contributions to cost-sharing plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for employment health care benefits.

M. Equity Classifications

GOVERNMENT-WIDE STATEMENTS

Equity is classified as net position and displayed in separate components:

1. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
2. Unrestricted net position – All other net position that do not meet the definition of “restricted.”

Net position restricted for other purposes include resources restricted for food service operations, athletic programs, classroom facilities maintenance tax levy proceeds, and federal and state grants restricted to cash disbursement for specified purposes. The School District’s policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net position is available.

FUND FINANCIAL STATEMENTS

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

1. Non-spendable - The non-spendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The “not in spendable form” includes items that are not expected to be converted to cash.
2. Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or is imposed by law through constitutional provisions.

Coldwater Exempted Village School District
Mercer County, Ohio

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2015
(Continued)

3. Committed - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. The committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
4. Assigned - Amounts in the assigned classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education. The Board of Education has by resolution authorized the Treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.
5. Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The School District first applies restricted resources when a disbursement is incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned and then unassigned amounts when disbursements are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used.

N. Pensions

For purposes of measuring the net pension liability, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

O. Receipts and Disbursements

Program Receipts

In the Statement of Activities, receipts that are derived directly from each activity or from parties outside the School District's taxpayers are reported as program receipts. The School District has the following program receipts: charges for service and operating grants, contributions and interest.

All other governmental receipts are reported as general. All taxes are classified as general receipts even if restricted for a specific purpose.

Coldwater Exempted Village School District
Mercer County, Ohio
Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2015
(Continued)

Disbursements

Governmental activities include the School District's programs and services, including instruction, support services, operation and maintenance of plant (buildings), pupil transportation, extracurricular activities, and food service operations.

P. Implementation of New Accounting Policies

For the fiscal year ended June 30, 2015, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, GASB Statement No. 69, *Government Combinations and Disposals of Government Operations* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*.

GASB Statement No. 68 requires recognition of the entire net pension liability and a more comprehensive measure of pension expense for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements. See Note 9 for further information.

GASB Statement No. 69 addresses accounting and financial reporting for government combinations (including mergers, acquisitions and transfers of operations) and disposals of government operations. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the School District.

GASB Statement No. 71 amends paragraph 137 of GASB Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68. See Note 9 for further information.

NOTE 3 - DEPOSITS AND INVESTMENTS

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 of Education 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 monies. Interim monies are those monies 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 passbook accounts.

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Notes To The Basic Financial Statements
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Protection of 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 monies deposited with the institution.

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

1. United States treasury notes, bills, bonds, or other obligations 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 (STAR Ohio and STAR Plus); STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940;
7. Certain bankers' 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;
8. Under certain circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies;

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 School 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 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.

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Deposits

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. Protection of School District cash and deposits is provided by the Federal Deposit Insurance Corporation, as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize uninsured public deposits. The face value of the pooled collateral must equal at least 105 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At fiscal year end, the carrying amount of the School District's deposits was \$6,756,811 and the bank balance was \$6,892,799. Of the bank balance, \$965,934 was covered by federal depository insurance and \$5,926,865 was collateralized but uninsured. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

As of June 30, 2015, the School District has \$2,150 in undeposited cash on hand. This amount is included in cash and cash equivalents.

Investments

Investments are reported at cost. As of June 30, 2015, the School District owned 525 shares of Dominion stock that was donated at a value of \$29,305.

Interest Rate Risk

The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The School District's policy indicates that the investments must mature within five years, unless matched to a specific obligation or debt of the School District.

Credit Risk

The School District's investment at June 30, 2015, in Dominion Resources, Inc. is rated A- by Standard & Poor's. The School District's investment policy does not address credit risk.

Concentration of Credit Risk

The School District places no limit on the amount the district may invest in any one issuer, however State statute limits investments in commercial paper and bankers' acceptances to 25 percent of the interim monies available for investment at any one time. The Dominion stock is less than 1 percent of the School District's total portfolio.

NOTE 4 - PROPERTY TAXES

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

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

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Notes To The Basic Financial Statements
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(Continued)

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

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, 2015, are available to finance fiscal year 2015 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2015 taxes were collected are:

	2014 Second-Half Collections		2015 First-Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$ 132,957,770	97%	\$ 154,613,020	98%
Public Utility Personal Property	3,681,390	3%	3,754,800	2%
Total Assessed Value	\$ 136,639,160	100%	\$ 158,367,820	100%
Tax rate per \$1,000 of assessed valuation	\$ 53.68		\$ 52.88	

NOTE 5 - 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 2015 amounted to \$1,500.

NOTE 6 - INCOME TAX

The School District levies a voted tax of 0.50 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 receipts are credited to the general fund.

Coldwater Exempted Village School District
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Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2015
(Continued)

NOTE 7 – DEBT OBLIGATIONS

Debt obligations of the School District at June 30, 2015 consisted of the following:

	Principal Outstanding 6/30/14	Additions	Deductions	Principal Outstanding 6/30/15	Due Within One Year	Due in More Than One Year
1990 Renovation Bonds Rate 6.87%	\$ 70,000	\$ 0	\$ 70,000	\$ 0	\$ 0	\$ 0
2002 Ohio School Facility Construction Project Bonds Rate 4.4%	65,348	0	65,348	0	0	0
2012 Refunding Bonds Rate 1.0 - 3.1%	6,529,996	0	100,000	6,429,996	405,000	6,024,996
Total Debt Obligation	<u>\$ 6,665,344</u>	<u>\$ 0</u>	<u>\$ 235,348</u>	<u>\$ 6,429,996</u>	<u>\$ 405,000</u>	<u>\$ 6,024,996</u>

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 was retired with a voted property tax levy from the debt service fund.

2002 School Facilities Construction and Improvement Bonds – On March 1, 2003, the School District issued \$9,499,996 in current interest serial bonds, capital appreciation bonds and current interest term bonds for the local share of school construction under the Classroom Facilities Assistance Program. The bonds were issued for a twenty-seven fiscal year period with final maturity during fiscal year 2031. The debt will be retired with a voted property tax levy from the debt service fund. The serial and term bonds were subsequently refunded in the 2012 issuance. See the *2012 School Facilities Construction and Improvement Refunding Bonds* below for additional details.

Interest on the capital appreciation bonds will accrue from the date of delivery until maturity. Interest will compound semiannually (interest accretion dates) but will be payable at maturity. The capital appreciation bonds matured in fiscal years 2014 and 2015 in the amounts of \$310,000 per year. The accreted amount for fiscal year 2015 was \$5,251.

2012 School Facilities Construction and Improvement Refunding Bonds: In April 2012, the School District issued \$6,774,996 in voted general obligation bonds for the purpose of refunding a portion of the 2002 Ohio School Facility Construction Project Bonds originally issued in the aggregate principal amount of \$9,499,996 for the purpose of school construction under the Classroom Facilities Assistance Program. The refunding bond issue consists of \$6,395,000 in serial bonds and \$379,996 in capital appreciation bonds. The serial bonds have interest rates ranging from 1.00 to 3.10 percent. The serial bonds mature annually beginning December 1, 2012, and ending December 1, 2030. Capital appreciation bonds in the amount of \$379,996 will accrete interest at rates from 1.90 to 2.30 percent. The capital appreciation bonds mature December 1, 2016, 2017 and 2018 in the amounts of \$410,000 per year.

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Notes To The Basic Financial Statements
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The refunding bond issue provides resources to purchase US Government securities that were placed in trust with an escrow agent, for the purpose of future debt service payments of \$6,775,000 of the 2002 bond issue. As a result, the refunded bonds are considered to be defeased and the School District no longer has liabilities associated with those bonds. The difference between the cash flows required to service the old debt and the cash flows required to service the new debt and complete refunding was \$617,260. The economic gain resulting from the refunding was \$621,572.

Capital appreciation bonds are not subject to redemption prior to maturity. Interest on the capital appreciation bonds will accrue from the date of delivery until maturity. Interest will compound semiannually (interest accretion dates) but will be payable at maturity. The maturity amount of the bonds is \$1,230,000 in total. The accreted amount for fiscal year 2015 was \$143,272, and the amount of the bonds outstanding including accreted interest at June 30, 2015 is \$747,010.

The annual requirements to amortize all debt outstanding as of June 30, 2015 are as follows:

Fiscal Year Ending June 30.	2012 Bonds		
	Principal	Interest	Total
2016	\$ 405,000	\$ 152,078	\$ 557,078
2017	154,328	404,713	559,041
2018	124,779	434,262	559,041
2019	100,889	458,153	559,042
2020	415,000	144,891	559,891
2021-2025	2,195,000	586,142	2,781,142
2026-2030	2,490,000	275,918	2,765,918
2031	545,000	8,448	553,448
	<u>\$ 6,429,996</u>	<u>\$ 2,464,605</u>	<u>\$ 8,894,601</u>

NOTE 8 - RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks related to torts, theft of, damage to, and destruction of assets, error and omissions, injuries to employees and natural disasters. During fiscal year 2015, the School District carried property and general liability insurance and boiler and machinery insurance. Professional liability is protected by the Ohio Casualty Insurance Company with \$1,000,000 each occurrence, \$2,000,000 in annual aggregate limit. Umbrella liability coverage exists \$5,000,000 each occurrence, \$5,000,000 general aggregate limit. Errors & Omissions and Sexual Misconduct are insured at \$1,000,000 each occurrence, \$1,000,000 general aggregate limit.

Commercial property is covered by the Ohio Casualty Insurance Company. Commercial property is insured at a limit of \$55,504,259 (increased with new presentation of statement of values each Fall). Commercial auto insurance is covered by the Ohio Casualty Insurance Company. Automobile liability has a \$1,000,000 combined single limit of liability. There has been no significant reduction in insurance coverage from prior year, and no insurance settlement has exceeded insurance coverage during the past three years. Public officials' bond insurance is provided by Ohio Farmers Insurance Company for a total of \$50,000. The Treasurer's bond insurance is provided by Ohio Farmers Insurance Company for a total of \$150,000.

Coldwater Exempted Village School District
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Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2015
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B. Health Care Benefits

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 two educational service centers. The School District pays monthly premiums to the Trust for employee 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 the withdrawal.

C. Workers' Compensation

The School District participates in the Comp Management Worker's Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 14). The intent of the GRP is to achieve the benefit of a reduced premium GRP. The worker's 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 GRP. Each participant pays its workers' compensation premium to the Cooperative based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria.

NOTE 9 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

For fiscal year 2015, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68* were effective. These GASB pronouncements had no effect on beginning net position as reported June 30, 2014, as the net pension liability is not reported in the accompanying financial statements. The net pension liability has been disclosed below.

Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

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

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

**Coldwater Exempted Village School District
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*Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2015
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GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

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

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Notes To The Basic Financial Statements
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The School District's contractually required contribution to SERS was \$208,971 for fiscal year 2015.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five year of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five year of service on August 1, 2026.

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

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

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

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Notes To The Basic Financial Statements
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(Continued)

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$875,448 for fiscal year 2015.

Net Pension Liability

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

	STRS	SERS	Total
Proportionate Share of the Net Pension Liability	\$ 14,793,981	\$ 2,278,234	\$ 17,072,215
Proportion of the Net Pension Liability	0.06082186%	0.04501600%	

Actuarial Assumptions - SERS

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

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

Coldwater Exempted Village School District
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Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2015
(Continued)

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

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

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

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

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

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

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

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Notes To The Basic Financial Statements
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(Continued)

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$ 3,250,363	\$ 2,278,234	\$ 1,460,590

Actuarial Assumptions - STRS

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

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

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

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

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Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2015
(Continued)

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

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

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$ 21,179,197	\$ 14,793,981	\$ 9,394,237

Coldwater Exempted Village School District
Mercer County, Ohio
Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2015
(Continued)

NOTE 10 - POST EMPLOYMENT BENEFITS

A. School Employees Retirement System

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

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was \$20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge.

The School District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2015, 2014, and 2013 were \$34,483, \$22,914 and \$24,586, respectively. For fiscal year 2015, 84 percent has been contributed. The full amount has been contributed for fiscal years 2014 and 2013.

B. State Teachers Retirement System

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

Coldwater Exempted Village School District
Mercer County, Ohio

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2015
(Continued)

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to post-employment health care. The School District’s contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$63,220, and \$65,660, respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.

NOTE 11 – FUND BALANCE

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

	General	OFCC Project Maintenance Fund	Debt Service	Other Governmental	Total Governmental
Nonspendable:					
Unclaimed Monies	\$ 381	\$ 0	\$ 0	\$ 0	\$ 381
Total Nonspendable	381	0	0	0	381
Restricted for:					
Capital Outlay	0	0	0	17,384	17,384
Classroom Facilities Maintenance	0	701,876	0	0	701,876
Debt Service	0	0	804,276	0	804,276
Budget Stabilization - BWC Refund	30,977	0	0	0	30,977
Extracurricular Activities	0	0	0	108,287	108,287
Food Services	0	0	0	241,664	241,664
Other Purposes	0	0	0	96,763	96,763
Total Restricted	30,977	701,876	804,276	464,098	2,001,227
Committed to:					
Future Severance Payments	92,229	0	0	0	92,229
Total Committed	92,229	0	0	0	92,229
Assigned for:					
Instruction	31,659	0	0	0	31,659
Support Services	77,761	0	0	0	77,761
Public School Support	2,587	0	0	0	2,587
Extracurricular Activities	9,223	0	0	0	9,223
Subsequent Year Appropriations	2,850	0	0	0	2,850
Total Assigned	124,080	0	0	0	124,080
Unassigned	4,300,975	0	0	0	4,300,975
	\$ 4,548,642	\$ 701,876	\$ 804,276	\$ 464,098	\$ 6,518,892

Coldwater Exempted Village School District
Mercer County, Ohio
Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2015
(Continued)

NOTE 12 - STATUTORY RESERVES

The School District is required by state law to set aside certain general fund receipt amounts, as defined, into various reserves. During the fiscal year ended June 30, 2015, the reserve activity was as follows:

	Capital Improvements	Budget Stabilization BWC Refund
Set Aside Restricted Balance June 30, 2014	\$ 0	\$ 30,977
Current Year Set Aside Requirement	241,174	0
Current Year Qualifying Expenditures	(552,917)	0
Current Year Offsets	(105,477)	0
Total	\$ (417,220)	\$ 30,977
 Balance Carried Forward to Fiscal Year 2016	 \$ 0	 \$ 30,977
 Set Aside Restricted Balance June 30, 2015	 \$ 0	

Although the School District had offsets and qualifying disbursements during the fiscal year that reduced the set-aside amount below zero for the capital acquisition set-asides, this amount may not be used to reduce the set-aside requirement of future years. The Budget Stabilization – BWC Refund set-aside above represents the portion designated from workers compensation refunds. The Board has designated an additional \$143,000 for budget stabilization.

NOTE 13 - JOINTLY GOVERNED ORGANIZATIONS

Northwest Ohio Area Computer Services Cooperative - The Northwest Ohio Area Computer Services Cooperative (NOACSC) is a jointly governed organization among forty-seven school districts. The jointly governed 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. Each of the governments of these schools supports NOACSC based upon a per pupil charge dependent upon the software package utilized. The NOACSC Assembly consists of a representative from each participating school district and the superintendent from the fiscal agent. The Board of Directors consists of two Assembly members from each county in which participating school districts are located. The degree of control exercised by any participating school district is limited to its representation of the Board. Financial information can be obtained by contacting Ray Burden, who serves as Executive Director, at 645 South Main Street, Lima, Ohio 45804.

Coldwater Exempted Village School District
Mercer County, Ohio

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2015
(Continued)

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 that are tied directly to school improvement, and in particular, to improvements to instructional programs. The Center is governed by a board made up of 52 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 Hancock County Educational Service Center, 604 Lima Avenue, Findlay, Ohio 45840-3087.

Educational Regional Service System Region 6 (ERSS) - The School District participates in the Educational Regional Service System (ERSS) Region 6, a jointly governed organization consisting of educational entities within Allen, Auglaize, Champaign, Hardin, Logan, Mercer and Shelby counties. The purpose of the ERSS is to provide support services to school districts, community schools and chartered nonpublic schools within the region by supporting State and school initiatives and efforts to improve school effectiveness and student achievement with a specific reference to the provision of special education and related services. The ERSS is governed by an advisory council, which is the policymaking body for the educational entities with the region, who identifies regional needs and priorities for educational services and develops corresponding policies to coordinate the delivery of services. They are also charged with the responsibility of monitoring the implementation of State and regional initiatives and school improvement efforts. The Advisory Council is made up of the director of the ERSS, the superintendent of each educational service center within the region, the superintendent of the region's largest and smallest school district, the director and an employee from each education technology center, one representative of a four-year institution of higher education and appointed by the Ohio Board of Regents, one representative of a two-year institution of higher education and appointed by the Ohio Association of Community Colleges, three board of education members (one each from a city, exempted village, and local school district within the region) and one business representative. The degree of control exercised by any participating educational entity is limited to its representation on the Advisory Council. Financial information can be obtained from the Auglaize County Educational Service Center, 1045 Dearbaugh Avenue, Suite 2, Wapakoneta, Ohio 45895.

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.

NOTE 14 - GROUP PURCHASING POOL

Comp Management Workers' Compensation Group Rating Plan - The School District participates in a group rating plan (GRP) for workers' compensation as established under Ohio Revised Code Section 4123.29. The Group Rating Plan was established through a joint relationship between OASBO and OSBA Workers' Compensation Group Rating Plan as a group insurance purchasing pool. Each year, the participating Districts pay an enrollment fee to cover the costs of administering the program.

Coldwater Exempted Village School District
Mercer County, Ohio

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2015
(Continued)

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, Huntington Bank, concerning aspects of the administration of the Trust. A committee of treasurers from schools within the Trust review the investments annually held on behalf of the Trust.

NOTE 15 – 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, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2015, if applicable, cannot be determined at this time.

B. Litigation

The School District is not party to any claims or lawsuits that would, in the School District's opinion, have a material effect of the basic financial statements.

C. School District Funding

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the school districts, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 Foundation funding for the School District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the School District.

NOTE 16 - INTERFUND ADVANCES

During fiscal year 2015, the School District made advances between funds as follows:

	<u>Advances In</u>	<u>Advances Out</u>
Major:		
General Fund	\$ 11,652	\$ 63,380
Other Governmental Funds:		
Fifth Quarter Grant	25,000	11,652
Access Continuation Grant	38,380	0
Totals	<u>\$ 75,032</u>	<u>\$ 75,032</u>

Coldwater Exempted Village School District
Mercer County, Ohio
Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2015
(Continued)

Of the total \$75,032 advances during fiscal year 2015, \$11,652 represents amounts that were repayments of advances made by the General Fund during fiscal year 2014. The \$63,380 represents advances made by the General Fund during fiscal year 2015 to cover general operations of grant funds which are intended to be repaid in the subsequent fiscal year.

NOTE 17 – ACCOUNTABILITY AND COMPLIANCE

Ohio Administrative Code Section 117-2-03 requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. For fiscal year 2015, the School District prepared its financial report on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This financial report omits assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equities and disclosures that, while material, cannot be determined at this time.

NOTE 18 - BUDGETARY BASIS OF ACCOUNTING

The statement of receipts, disbursements and changes in cash basis fund balance - budget and actual (budget basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the modified cash basis are that:

1. In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of a disbursement; and,
2. Some funds are included in the general fund (modified cash basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the modified cash basis for the general fund is as follows:

Net Change in Fund Balance	
	<u>General Fund</u>
Cash Basis	\$ 506,979
Funds Budgeted Elsewhere**	45,234
Adjustment for Encumbrances	<u>(109,420)</u>
Budget Basis	<u><u>\$ 442,793</u></u>

Coldwater Exempted Village School District
Mercer County, Ohio
Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2015
(Continued)

** As part of Governmental Accounting Standards Board Statement No. 54, “*Fund Balance Reporting*,” certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on the cash basis. This included the public support fund, rotary high school fund and unclaimed monies fund.

The adjustments necessary to convert the results of operations for the year on the budget basis to the modified cash basis for the OFCC project maintenance fund is as follows:

Net Change in Fund Balance	
	OFCC Project Maintenance Fund
Cash Basis	\$ 64,920
Adjustment for Encumbrances	(12,380)
Budget Basis	\$ 52,540

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE					
<i>(Passed through Ohio Department of Education)</i>					
Child Nutrition Cluster:					
Cash Assistance:					
School Breakfast Program	10.553	\$2,030		\$2,030	
Non-Cash Assistance (food distribution)					
National School Lunch Program	10.555		\$44,923		\$44,923
Cash Assistance:					
National School Lunch Program	10.555	147,924		147,924	
Total Child Nutrition Cluster		<u>149,954</u>	44,923	<u>149,954</u>	44,923
Total U.S. Department of Agriculture		<u>149,954</u>	<u>44,923</u>	<u>149,954</u>	<u>44,923</u>
U.S. DEPARTMENT OF EDUCATION					
<i>(Passed through Ohio Department of Education)</i>					
Special Education_Grants to States	84.027	212,877		263,767	
Title I Grants to Local Educational Agencies	84.010	86,003		92,445	
Improving Teacher Quality State Grants	84.367	37,801		37,801	
Total U.S. Department of Education		<u>336,681</u>		<u>394,013</u>	
Total Federal Financial Assistance		<u>\$486,635</u>	<u>\$44,923</u>	<u>\$543,967</u>	<u>\$44,923</u>

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

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the Coldwater Exempted Village School District (the School District's) federal award programs' receipts and expenditures. The Schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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

NOTE D – PASS THROUGH FUNDS

The School District was awarded federal program allocations to be administered on their behalf by the Mercer County Educational Service Center. For 2015, the School District's allocations were as follows:

Program Title	CFDA Number	2015
Special Education_Preschool Grants	84.173	\$19,016
English language Acquisition State Grants	84.365	\$2,087



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the Board of Education:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the modified cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Coldwater Exempted Village School District, Mercer County, (the School District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated April 6, 2016, wherein we noted the School District uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the School District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2015-001.

School District's Response to Finding

The School District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the School District's response and, accordingly, we express no opinion on it.

Purpose of this Report

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



Dave Yost
Auditor of State
Columbus, Ohio

April 6, 2016



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Coldwater Exempted Village School District's (the School District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Coldwater Exempted Village School District's major federal program for the year ended June 30, 2015. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the School District's major federal program.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the School District's compliance for the School District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. 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 our audit provides a reasonable basis for our compliance opinion on the School District's major program. However, our audit does not provide a legal determination of the School District's compliance.

Basis for Qualified Opinion on Special Education_Grants to States

As described in finding 2015-002 in the accompanying schedule of findings, the School District did not comply with requirements regarding cash management applicable to its Special Education_Grants to States major federal program. Compliance with this requirement is necessary, in our opinion, for the School District to comply with requirements applicable to this program.

Qualified Opinion on Special Education _Grants to States

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Special Education _Grants to States* paragraph, the Coldwater Exempted Village School District complied, in all material respects, with the requirements referred to above that could directly and materially affect its *Special Education _Grants to States* program for the year ended June 30, 2015.

Report on Internal Control Over Compliance

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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2015-002 to be a material weakness.

The School District's response to our internal control over compliance finding is described in the accompanying schedule of findings and / or corrective action plan. We did not audit the School District's response and, accordingly, we express no opinion on it.

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

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

Dave Yost
Auditor of State
Columbus, Ohio

April 6, 2016

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**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2015**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Qualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA #84.027 – Special Education_Grants to States
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

FINDING NUMBER 2015-001

Noncompliance

Ohio Rev. Code §117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code §117-2-03(B) further clarifies the requirements of Ohio Rev. Code §117.38.

**FINDING NUMBER 2015-001
 (Continued)**

Ohio Rev. Code §117.38 also states the report shall be certified by the proper officer or board and filed with the Auditor of State within sixty days after the close of the fiscal year, except that public offices reporting pursuant to generally accepted accounting principles shall file their reports within one hundred fifty days after the close of the fiscal year. The Auditor of State may extend the deadline for filing a financial report and establish terms and conditions for any such extension.

Ohio Adm. Code §117-2-03 (B) requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP). However, the School District prepared its financial statements for 2015 following the modified cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code §117.38, the School District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

The School District did not file financial statements in accordance with GAAP, nor did it timely file with the Auditor of State its fiscal year 2015 annual financial report. The School District's annual filing deadline was August 31, 2015, however the School District did not file the annual report until November 16, 2015.

The School District should prepare its financial statements according to generally accepted accounting principles to include assets, liabilities, equity and disclosures to provide a complete presentation of its financial statements. The School District should also file the annual financial report within the required amount of time set in the Ohio Revised Code.

Officials' Response

On August 26, 2003, the School District Board passed a resolution stating that due to audit cost concerns the School District would no longer prepare GAAP financial statements.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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Finding Number	2015-002
CFDA Title and Number	Special Education Grants to States-CFDA #84.027
Federal Award Number / Year	2015
Federal Agency	United States Department of Education
Pass-Through Agency	Ohio Department of Education

Cash Management

Noncompliance Citation / Material Weakness

34 CFR § 80.20(b)(7) states procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and sub-grantees must be followed whenever advance payment procedures are used. Grantees must establish reasonable procedures to ensure the receipt of reports on sub-grantees' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the awarding agency. When advances are made by letter of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements. Grantees must monitor cash drawdowns by their sub-grantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees.

FINDING NUMBER 2015-002
(Continued)

34 CFR § 80.21(b) states methods and procedures for payment shall minimize the time elapsing between the transfer of funds and disbursement by the grantee or sub-grantee, in accordance with Treasury regulations at 31 CFR part 205.

Ohio Department of Education (ODE) CCIP Note #284 states all cash requests must be compliant with the provisions of the Cash Management Improvement Act (34 CFR 80.21).

The School District did not spend six out of eight requests within a month of receipt. Failure to spend the cash advances in a timely manner could result in ODE denying any further requests for funding, and also could result in interest being earned on the federal money, which is required to be remitted back to ODE.

The School District should implement policies and procedures to determine what Federal funds are needed as close as possible to the date of receipts from the Federal government, and in this situation, Ohio Department of Education, and not accumulate funds over a period of time.

Officials' Response

The District will establish procedures to review cash transaction reports to ensure a minimum amount time elapses between receiving draw-downs and disbursing the funds as required.

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2015**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2014-001	Ohio Rev. Code Section 117.38 & Ohio Admin. Code Section 117-2-03(B) – Failure to prepare financial statements in accordance with GAAP.	No	Not Corrected - Repeated as Finding 2015-001

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

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

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2015-002	The School District will establish procedures to review cash transaction reports to ensure a minimum amount time elapses between receiving draw-downs and disbursing the funds.	April 7, 2016	Michelle Mawer, Treasurer

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Dave Yost • Auditor of State

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
MAY 3, 2016**