



Dave Yost • Auditor of State

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis – For the Fiscal Year Ended June 30, 2017	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position – Modified Cash Basis – June 30, 2017	11
Statement of Activities – Modified Cash Basis – For the Fiscal Year Ended June 30, 2017	12
Fund Financial Statements:	
Statement of Assets and Fund Balances – Modified Cash Basis Governmental Funds – June 30, 2017	13
Statement of Receipts, Disbursements, and Changes in Fund Balances Modified Cash Basis – Governmental Funds – For the Fiscal Year Ended June 30, 2017	14
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, 2017	15
Statement of Fiduciary Net Position – Modified Cash Basis – Fiduciary Funds – June 30, 2017	16
Statement of Changes in Fiduciary Net Position – Modified Cash Basis - Fiduciary Funds – For the Fiscal Year Ended June 30, 2017	17
Notes to the Basic Financial Statements – For the Fiscal Year Ended June 30, 2017	19
Management's Discussion and Analysis – For the Fiscal Year Ended June 30, 2016	47
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position – Modified Cash Basis – June 30, 2016	55
Statement of Activities – Modified Cash Basis – For the Fiscal Year Ended June 30, 2016	56
Fund Financial Statements:	
Statement of Assets and Fund Balances – Modified Cash Basis Governmental Funds – June 30, 2016	57
Statement of Receipts, Disbursements, and Changes in Fund Balances Modified Cash Basis – Governmental Funds – For the Fiscal Year Ended June 30, 2016	58

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
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, 2016	59
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, 2016	60
Statement of Fiduciary Net Position – Modified Cash Basis – Fiduciary Funds – June 30, 2016.....	61
Statement of Changes in Fiduciary Net Position – Modified Cash Basis - Fiduciary Funds – For the Fiscal Year Ended June 30, 2016.....	62
Notes to the Basic Financial Statements – For the Fiscal Year Ended June 30, 2016	63
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	89
Schedule of Findings.....	91
Prepared by Management:	
Schedule of Prior Audit Findings.....	92



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 the Coldwater Exempted Village School District, Mercer County, Ohio (the School District), as of and for the years ended June 30, 2017 and 2016, 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 such 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 the Coldwater Exempted Village School District, Mercer County, Ohio, as of June 30, 2017 and 2016, and the respective changes in modified cash financial position and the respective budgetary comparison for the General and OFCC Project Maintenance Fund for 2016 thereof for the years 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

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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2018, 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.



Dave Yost
Auditor of State
Columbus, Ohio

June 25, 2018

Coldwater Exempted Village School District
Mercer County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
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, 2017. 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 2017 are as follows:

- In total, net position increased \$488,197, due to receipts continuing to outpace disbursements.
- Outstanding debt decreased from \$6,024,996 to \$5,870,668 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 2017, the General Fund and Debt Service 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, 2017
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 2017?" 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 8. 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 and the debt service 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, 2017
Unaudited
(Continued)*

The School District as a Whole

Table 1 provides a summary of the School District's net position for fiscal year 2017 compared to 2016.

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

	Governmental Activities	
	2017	2016
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 8,276,628	\$ 7,788,431
<i>Total Assets</i>	\$ 8,276,628	\$ 7,788,431
Net Position		
Restricted for:		
Debt Service	\$ 1,047,248	\$ 1,002,944
Capital Outlay	20,384	18,884
Classroom Facilities Maintenance	812,466	779,626
Other Purposes	382,569	407,068
Unrestricted	6,013,961	5,579,909
<i>Total Net Position</i>	\$ 8,276,628	\$ 7,788,431

Net position of the governmental activities increased \$488,197 which represents a 6 percent increase from fiscal year 2016. The increase in net position is the result of receipts continuing to outpace disbursements.

A portion of the School District's net position, \$2,262,667 or 27 percent represents resources subject to external restrictions on how they may be used. The remaining balance of the government-wide unrestricted net position of \$6,013,961 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, 2017*

*Unaudited
(Continued)*

Table 2 shows the changes in net position for fiscal year 2017 as compared to fiscal year 2016.

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

	Governmental Activities	
	2017	2016
Receipts		
<i>Program Receipts</i>		
Charges for Services and Sales	\$ 2,000,475	\$ 1,861,968
Operating Grants, Contributions and Interest	<u>1,000,883</u>	<u>1,016,448</u>
<i>Total Program Receipts</i>	<u>3,001,358</u>	<u>2,878,416</u>
<i>General Receipts</i>		
Property Taxes	4,330,831	4,286,778
Income Taxes	862,411	939,896
Grants and Entitlements not Restricted to		
Specific Programs	7,376,710	7,480,307
Payments in Lieu of Taxes	1,500	1,500
Proceeds from Sale of Assets	1,065	150
Investment Earnings	34,913	23,885
Miscellaneous	<u>171,140</u>	<u>265,424</u>
<i>Total General Receipts</i>	<u>12,778,570</u>	<u>12,997,940</u>
<i>Total Receipts</i>	<u>15,779,928</u>	<u>15,876,356</u>
<i>Program Disbursements</i>		
Instruction:		
Regular	7,327,031	6,912,845
Special	1,880,272	1,743,389
Vocational	546,565	502,498
Support Services:		
Pupils	384,619	377,910
Instructional Staff	337,313	316,301
Board of Education	14,406	15,016
Administration	1,150,401	1,150,385
Fiscal	361,071	407,480
Operation and Maintenance of Plant	1,080,161	1,062,347
Pupil Transportation	405,222	299,541
Central	31,920	30,080
Operation of Non-Instructional Services:		
Food Service Operations	516,472	528,092
Extracurricular Activities	695,697	703,854
Capital Outlay	1,540	0
Debt Service:		
Principal Retirement	154,328	405,000
Interest and Fiscal Charges	<u>404,713</u>	<u>152,079</u>
<i>Total Program Disbursements</i>	<u>15,291,731</u>	<u>14,606,817</u>
<i>Change in Net Position</i>	488,197	1,269,539
<i>Net Position Beginning of Year</i>	<u>7,788,431</u>	<u>6,518,892</u>
<i>Net Position End of Year</i>	<u>\$ 8,276,628</u>	<u>\$ 7,788,431</u>

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

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited
(Continued)*

Several receipt sources fund the School District's governmental activities with unrestricted grants and entitlements being the largest contributor. Unrestricted grants and entitlements generated \$7.4 million in fiscal year 2017. General receipts from property and income taxes are also a large generator of \$5.2 million.

Regular instruction disbursements increased by \$414,186 during fiscal year 2017 due to increases in payroll expenditures.

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	
	2017	2016	2017	2016
<i>Program Disbursements</i>				
Instruction:				
Regular	\$ 7,327,031	\$ 6,912,845	\$ 6,183,184	\$ 5,836,493
Special	1,880,272	1,743,389	1,100,497	1,081,342
Vocational	546,565	502,498	462,187	416,260
Support Services:				
Pupils	384,619	377,910	384,619	372,510
Instructional Staff	337,313	316,301	331,913	316,301
Board of Education	14,406	15,016	14,406	15,016
Administration	1,150,401	1,150,385	1,061,444	1,044,324
Fiscal	361,071	407,480	361,071	407,480
Operation and Maintenance of Plant	1,080,161	1,062,347	1,073,426	1,055,639
Pupil Transportation	405,222	299,541	401,357	293,858
Central	31,920	30,080	31,920	30,080
Operation of Non-Instructional Services:				
Food Service Operations	516,472	528,092	(9,385)	(13,381)
Extracurricular Activities	695,697	703,854	333,153	315,400
Capital Outlay	1,540	0	1,540	0
Debt Service:				
Principal Retirement	154,328	405,000	154,328	405,000
Interest and Fiscal Charges	404,713	152,079	404,713	152,079
<i>Total</i>	<u>\$ 15,291,731</u>	<u>\$ 14,606,817</u>	<u>\$ 12,290,373</u>	<u>\$ 11,728,401</u>

Coldwater Exempted Village School District
Mercer County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

Unaudited
(Continued)

The dependence upon tax revenues and general revenue entitlements from the State for governmental activities is apparent. Program revenues only account for 20 percent of all governmental expenses. The community is the largest area of support for the School District students.

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 \$8,276,628, which is higher than the prior year balance of \$7,788,431.

The General Fund's fund balance increased \$434,116 in fiscal year 2017. The increase in fund balance is the result of receipts continuing to outpace disbursements.

The Debt Service Fund balance increased \$44,304 in fiscal year 2017. The increase in fund balance can be attributed to a timing difference between tax receipts and debt 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 2017, the School District amended its general fund budget. For the general fund, final budget basis receipts were \$13,819,403 excluding other financing sources, representing an increase of \$231,142 from the original estimate of \$13,588,261. Actual receipts of \$13,627,782, excluding other financing sources, were \$191,621 less than the final budget, primarily from less intergovernmental receipts received than expected. Tuition was underestimated in the original budget.

For fiscal year 2017, the general fund final budget basis disbursements were \$13,642,938, excluding other financing uses, which is slightly less than the original budgeted disbursements of \$13,689,509. Actual disbursements of \$13,373,182, excluding other financing uses, were \$269,756 lower than the final budget. The School District was able to keep costs lower than budgeted for and within receipts received.

There were no significant variances to discuss within other financing sources and uses.

Coldwater Exempted Village School District
Mercer County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited
(Continued)

Debt Administration

The School District had the following long-term obligations outstanding at June 30, 2017 and 2016.

(Table 4)
Outstanding Debt, at June 30

	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
2012 Refunding Bonds - Serial, Term and Capital Appreciation Bonds	<u>\$ 5,870,668</u>	<u>\$ 6,024,996</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 local economy.

The School District has not anticipated or received in several years any meaningful growth in State 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 main concern is whether or not the funding formula is going to change, and if so, how will it impact the School District's state funding. Additionally, the School District's federal grant funds have been reduced significantly during the past few years as well.

Fortunately, the 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 renewed a 10 year \$550,000 emergency operating levy in March 2016.

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 District's 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 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, 2017*

*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, increased special education services required for our students, and significant increases in health insurance, utility and property/liability/fleet insurance costs.

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 fluctuations in area manufacturing plant employment. 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, 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 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 School District.

Management is in process of having the curriculum and academic programs drive the budgetary process. This requires 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 that must be made by all staff, but management feels the entire School District will benefit.

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, 2017

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 8,276,628
<i>Total Assets</i>	<i>\$ 8,276,628</i>
Net Position	
Restricted for:	
Debt Service	\$ 1,047,248
Capital Outlay	20,384
Classroom Facilities Maintenance	812,466
Other Purposes	382,569
Unrestricted	6,013,961
<i>Total Net Position</i>	<i>\$ 8,276,628</i>

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, 2017*

	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	\$ 7,327,031	\$ 1,032,467	\$ 111,380	\$ (6,183,184)
Special	1,880,272	226,279	553,496	(1,100,497)
Vocational	546,565	0	84,378	(462,187)
Support Services:				
Pupils	384,619	0	0	(384,619)
Instructional Staff	337,313	0	5,400	(331,913)
Board of Education	14,406	0	0	(14,406)
Administration	1,150,401	0	88,957	(1,061,444)
Fiscal	361,071	0	0	(361,071)
Operation and Maintenance of Plant	1,080,161	0	6,735	(1,073,426)
Pupil Transportation	405,222	0	3,865	(401,357)
Central	31,920	0	0	(31,920)
Operation of Non-Instructional Services:				
Food Service Operations	516,472	396,491	129,366	9,385
Extracurricular Activities	695,697	345,238	17,306	(333,153)
Capital Outlay	1,540	0	0	(1,540)
Debt Service:				
Principal Retirement	154,328	0	0	(154,328)
Interest and Fiscal Charges	404,713	0	0	(404,713)
<i>Totals</i>	<u>\$ 15,291,731</u>	<u>\$ 2,000,475</u>	<u>\$ 1,000,883</u>	<u>(12,290,373)</u>

General Receipts

Property Taxes Levied for:	
General Purposes	3,760,509
Debt Service	518,964
Building Maintenance	51,358
Income Taxes Levied for:	
General Purposes	862,411
Grants and Entitlements not Restricted to Specific Programs	7,376,710
Payments in Lieu of Taxes	1,500
Proceeds from Sale of Assets	1,065
Investment Earnings	34,913
Miscellaneous	171,140
<i>Total General Receipts</i>	<u>12,778,570</u>
<i>Change in Net Position</i>	488,197
<i>Net Position Beginning of Year</i>	<u>7,788,431</u>
<i>Net Position End of Year</i>	<u>\$ 8,276,628</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, 2017

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 6,014,793	\$ 1,047,248	\$ 1,214,587	\$ 8,276,628
<i>Total Assets</i>	<u>\$ 6,014,793</u>	<u>\$ 1,047,248</u>	<u>\$ 1,214,587</u>	<u>\$ 8,276,628</u>
Fund Balances				
Nonspendable	\$ 832	\$ 0	\$ 0	\$ 832
Restricted	30,977	1,047,248	1,214,587	2,292,812
Committed	164,345	0	0	164,345
Assigned	185,209	0	0	185,209
Unassigned	5,633,430	0	0	5,633,430
<i>Total Fund Balances</i>	<u>\$ 6,014,793</u>	<u>\$ 1,047,248</u>	<u>\$ 1,214,587</u>	<u>\$ 8,276,628</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, 2017

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$ 3,760,509	\$ 518,964	\$ 51,358	\$ 4,330,831
Income Taxes	862,411	0	0	862,411
Intergovernmental	7,672,229	96,886	587,521	8,356,636
Investment Income	34,913	0	1,008	35,921
Tuition and Fees	1,252,330	0	0	1,252,330
Rent	4,858	0	0	4,858
Extracurricular Activities	92,729	0	252,509	345,238
Gifts and Donations	2,640	0	17,306	19,946
Customer Sales and Services	1,561	0	396,491	398,052
Payments in Lieu of Taxes	0	0	1,500	1,500
Miscellaneous	142,148	0	28,992	171,140
<i>Total Receipts</i>	<u>13,826,328</u>	<u>615,850</u>	<u>1,336,685</u>	<u>15,778,863</u>
Disbursements				
Current:				
Instruction:				
Regular	7,205,158	0	121,873	7,327,031
Special	1,676,767	0	203,505	1,880,272
Vocational	532,793	0	13,772	546,565
Support Services:				
Pupils	384,619	0	0	384,619
Instructional Staff	331,913	0	5,400	337,313
Board of Education	14,406	0	0	14,406
Administration	1,041,289	0	109,112	1,150,401
Fiscal	347,368	12,505	1,198	361,071
Operation and Maintenance of Plant	995,955	0	84,206	1,080,161
Pupil Transportation	405,222	0	0	405,222
Central	31,920	0	0	31,920
Extracurricular Activities	411,740	0	283,957	695,697
Operation of Non-Instructional Services:				
Food Service Operations	0	0	516,472	516,472
Capital Outlay	1,540	0	0	1,540
Debt Service:				
Principal Retirement	0	154,328	0	154,328
Interest and Fiscal Charges	0	404,713	0	404,713
<i>Total Disbursements</i>	<u>13,380,690</u>	<u>571,546</u>	<u>1,339,495</u>	<u>15,291,731</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>445,638</u>	<u>44,304</u>	<u>(2,810)</u>	<u>487,132</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Assets	1,065	0	0	1,065
Advances In	0	0	12,587	12,587
Advances Out	(12,587)	0	0	(12,587)
<i>Total Other Financing Sources (Uses)</i>	<u>(11,522)</u>	<u>0</u>	<u>12,587</u>	<u>1,065</u>
<i>Net Change in Fund Balances</i>	434,116	44,304	9,777	488,197
<i>Fund Balances Beginning of Year</i>	<u>5,580,677</u>	<u>1,002,944</u>	<u>1,204,810</u>	<u>7,788,431</u>
<i>Fund Balances End of Year</i>	<u>\$ 6,014,793</u>	<u>\$ 1,047,248</u>	<u>\$ 1,214,587</u>	<u>\$ 8,276,628</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, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
Receipts				
Property and Other Local Taxes	\$ 3,789,305	\$ 3,789,305	\$ 3,760,509	\$ (28,796)
Income Tax	958,694	868,694	862,411	(6,283)
Intergovernmental	7,789,599	7,814,599	7,672,229	(142,370)
Interest	21,051	33,200	34,913	1,713
Tuition and Fees	999,466	1,264,759	1,251,547	(13,212)
Rent	4,727	4,727	4,858	131
Gifts and Donations	14,770	0	0	0
Customer Sales and Services	808	1,287	1,561	274
Miscellaneous	9,841	42,832	39,754	(3,078)
<i>Total Receipts</i>	<u>13,588,261</u>	<u>13,819,403</u>	<u>13,627,782</u>	<u>(191,621)</u>
Disbursements				
Current:				
Instruction:				
Regular	7,213,342	7,288,571	7,216,621	71,950
Special	1,624,171	1,713,727	1,682,242	31,485
Vocational	508,062	521,863	504,138	17,725
Support Services:				
Pupils	392,893	398,539	387,190	11,349
Instructional Staff	335,288	345,080	332,855	12,225
Board of Education	15,082	16,476	14,406	2,070
Administration	1,132,081	1,084,175	1,044,601	39,574
Fiscal	597,655	401,187	361,057	40,130
Operation and Maintenance of Plant	1,101,246	1,058,284	1,033,894	24,390
Pupil Transportation	420,444	451,484	437,216	14,268
Central	31,151	32,252	31,920	332
Extracurricular Activities	316,544	329,750	325,502	4,248
Capital Outlay	1,550	1,550	1,540	10
<i>Total Disbursements</i>	<u>13,689,509</u>	<u>13,642,938</u>	<u>13,373,182</u>	<u>269,756</u>
<i>Excess of Revenues Over (Under) Disbursements</i>	<u>(101,248)</u>	<u>176,465</u>	<u>254,600</u>	<u>78,135</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Assets	0	0	1,065	1,065
Refund of Prior Year Expenditures	0	10,534	51,752	41,218
Transfers Out	0	(30,000)	(30,000)	0
Advances Out	0	(12,587)	(12,587)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(32,053)</u>	<u>10,230</u>	<u>42,283</u>
<i>Net Change in Fund Balance</i>	<u>(101,248)</u>	<u>144,412</u>	<u>264,830</u>	<u>120,418</u>
<i>Fund Balance Beginning of Year</i>	<u>5,177,225</u>	<u>5,177,225</u>	<u>5,177,225</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>199,590</u>	<u>199,590</u>	<u>199,590</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 5,275,567</u>	<u>\$ 5,521,227</u>	<u>\$ 5,641,645</u>	<u>\$ 120,418</u>

See accompanying notes to the basic financial statements.

Mercer County, Ohio
Statement of Fiduciary Net Position - Modified Cash Basis
Fiduciary Funds
June 30, 2017

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 177,536	\$ 19,540
Investments	25,642	0
Cash and Cash Equivalents in Segregated Accounts	0	12,927
<i>Total Assets</i>	\$ 203,178	\$ 32,467
 Net Position		
Held for Endowments	\$ 159,790	\$ 0
Held in Trust for Scholarships	43,388	0
Held for Employees	0	21,101
Held for Student Activities	0	11,366
<i>Total Net Position</i>	\$ 203,178	\$ 32,467

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
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2017

	<u>Scholarship</u>
Additions	
Earnings on Investments	\$ 3,010
Deductions	
Scholarships	<u>9,041</u>
<i>Change in Net Position</i>	(6,031)
<i>Net Position Beginning of Year</i>	<u>209,209</u>
<i>Net Position End of Year</i>	<u><u>\$ 203,178</u></u>

See accompanying notes to the basic financial statements.

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Coldwater Exempted Village School District
Mercer County, Ohio

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

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 School District.

The School District is associated with four jointly governed organizations, two insurance pools, and a joint venture. These organizations include the Northwest Ohio Area Computer Services Cooperative, Educational Regional Service System Region 6, Mercer County Local Professional Development Committee, Southwestern Educational Purchasing Council, Comp Management Workers’ Compensation Group Rating Plan, the Mercer-Auglaize Area Schools Regional Council of Governments, and the Tri-Star Career Compact. These organizations are presented in Notes 13, 14 and 15 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.

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.

Coldwater Exempted Village School District

Mercer County, Ohio

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2017

(Continued)

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.

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

Coldwater Exempted Village School District

Mercer County, Ohio

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2017

(Continued)

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.

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.

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.

Coldwater Exempted Village School District

Mercer County, Ohio

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2017

(Continued)

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.

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.

Coldwater Exempted Village School District

Mercer County, Ohio

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2017

(Continued)

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 2017, the School District invested in certificates of deposits and stock. The Cost basis of stock is presented as “Investments” on the financial statements.

The School District has a Section 125 Rotary account which is presented as “Cash and Cash Equivalents in Segregated Accounts” on the financial statements.

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 2017 were \$34,913, which includes \$10,596 assigned from other School District funds.

E. 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.

F. 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.

G. 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.

Coldwater Exempted Village School District

Mercer County, Ohio

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2017

(Continued)

H. Intergovernmental Receipts

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

I. 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.

J. 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.

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.

K. 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.

L. 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.

Coldwater Exempted Village School District

Mercer County, Ohio

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2017

(Continued)

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.
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.

Coldwater Exempted Village School District

Mercer County, Ohio

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2017

(Continued)

M. 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.

N. 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.

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.

O. Implementation of New Accounting Policies

For the fiscal year ended June 30, 2017, the School District has (to the extent it applies to the cash basis of accounting) implemented Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*, GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14* and GASB Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*.

GASB Statement No. 77 requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The implementation of this statement did not result in any change in the School District's financial statements as the School District does not have any material GASB Statement No. 77 tax abatements.

GASB Statement No. 78 amends the scope of GASB Statement No. 68 to exclude certain multiple-employer defined benefit pension plans provided to employees of state and local governments on the basis that obtaining the measurements and other information required by GASB Statement No. 68 was not feasible. The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the School District.

Coldwater Exempted Village School District

Mercer County, Ohio

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2017

(Continued)

GASB Statement No. 80 amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the School District.

GASB Statement No. 82 improves consistency in the application of pension accounting. These changes were incorporated in the School District's fiscal year 2017 financial statements; however, there was no effect on beginning net position/fund balance.

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.

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;

Coldwater Exempted Village School District

Mercer County, Ohio

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2017

(Continued)

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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);
 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 40 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.

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 \$8,484,481 and the bank balance was \$8,710,021. Of the bank balance, \$1,226,292 was covered by federal depository insurance and \$7,483,729 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, 2017, 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, 2017, the School District owned shares of Dominion stock that was donated at a value of \$25,642.

Coldwater Exempted Village School District

Mercer County, Ohio

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2017

(Continued)

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, 2017, Dominion Resources, Inc. is rated BBB+ by S&P Global Ratings. 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 40 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 2017 represents collections of calendar year 2016 taxes. Real property taxes received in calendar year 2017 were levied after April 1, 2016, on the assessed value listed as of January 1, 2016, 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.

Public utility property tax revenue received in calendar 2017 represents collections of calendar year 2016 taxes. Public utility real and tangible personal property taxes received in calendar year 2017 became a lien December 31, 2015, were levied after April 1, 2016 and are collected in 2017 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The 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, 2017, are available to finance fiscal year 2017 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Coldwater Exempted Village School District
Mercer County, Ohio

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2017
(Continued)

The assessed values upon which the fiscal year 2017 taxes were collected are:

	2016 Second-Half		2017 First-Half	
	Collections		Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$ 157,459,980	98%	\$ 159,901,880	98%
Public Utility Personal Property	3,693,320	2%	3,847,500	2%
Total Assessed Value	<u>\$ 161,153,300</u>	<u>100%</u>	<u>\$ 163,749,380</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$ 52.58		\$ 52.48	

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 2017 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.

NOTE 7 - DEBT OBLIGATIONS

Debt obligations of the School District at June 30, 2017 consisted of the following:

	Principal Outstanding 6/30/16	Additions	Deductions	Principal Outstanding 6/30/17	Due Within One Year
2012 Refunding Bonds					
Rate 1.0 - 3.1%	<u>\$ 6,024,996</u>	<u>\$ 0</u>	<u>\$ 154,328</u>	<u>\$ 5,870,668</u>	<u>\$ 124,779</u>

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 Plan. 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.

Coldwater Exempted Village School District
Mercer County, Ohio

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2017
(Continued)

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 2017 was \$164,722.

The School District has a line of credit of up to \$1,600,000 available and has until September 29, 2017 to draw on it. The School District did not draw on it in fiscal year 2017.

The annual requirements to amortize all debt outstanding as of June 30, 2017 are as follows:

Fiscal Year Ending June 30.	2012		
	Principal	Interest	Total
2018	\$ 124,779	434,262	\$ 559,041
2019	100,889	458,153	559,042
2020	415,000	144,891	559,891
2021	420,000	136,542	556,542
2022	425,000	127,826	552,826
2023-2027	2,305,000	475,558	2,780,558
2028-2030	2,080,000	130,583	2,210,583
	<u>\$ 5,870,668</u>	<u>1,907,815</u>	<u>\$ 7,778,483</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 2017, the School District carried property and general liability insurance and boiler and machinery insurance. Professional liability is protected by the Liberty Mutual 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 Liberty Mutual Insurance Company. Commercial property is insured at a limit of \$56,397,259 (increased with new presentation of statement of values each Fall). Commercial auto insurance is covered by the Liberty Mutual 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 Western Surety Company for a total of \$50,000. The Treasurer's bond insurance is provided by Westfield Insurance Company for a total of \$150,000.

Coldwater Exempted Village School District

Mercer County, Ohio

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2017

(Continued)

B. Health Care Benefits

The School District participates in the Mercer-Auglaize Area Schools Regional Council of Governments (COG), a public entity shared risk pool consisting of eleven local school districts and two educational service centers. The School District pays monthly premiums to the COG for employee medical and dental insurance coverage. The COG is responsible for the management and operations of the program. Upon withdrawal from the COG a participant is responsible for the payment of all COG liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

C. Workers' Compensation

The School District participates in the Comp Management Worker's Compensation Group Rating Plan (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

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.

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.

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

*Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2017
(Continued)*

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 30 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, 2017, the allocation to pension, death benefits, and Medicare B was 14 percent. SERS did not allocate any employer contributions to the Health Care Fund for fiscal year 2017.

The School District’s contractually required contribution to SERS was \$224,472 for fiscal year 2017.

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.

Coldwater Exempted Village School District

Mercer County, Ohio

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2017

(Continued)

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 was 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Members are eligible to retire at age 60 with five years of qualifying service credit, or at age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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, 11.5 percent of the 13 percent member rate goes to the DC Plan and the remaining 1.5 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member 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 service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to 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. For the fiscal year ended June 30, 2017, plan members were required to contribute 14 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 2017 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$931,856 for fiscal year 2017.

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

*Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2017
(Continued)*

Net Pension Liability

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The School District's employer allocation percentage of the net pension liability is based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Employer contributions were determined based on the 14 percent employer rate and total member contributions from employer payroll reports for the year ended June 30, 2016:

	<u>STRS</u>	<u>SERS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$ 20,203,818	\$ 3,299,111	\$ 23,502,929
Proportion of the Net Pension Liability	0.06035853%	0.04507550%	

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.

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, 2016, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	3.00 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

Coldwater Exempted Village School District
Mercer County, Ohio

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2017
(Continued)

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disable members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period ending July 1, 2010 to June 30, 2015. The discount rate, assumed rate of inflation, payroll growth assumption and assumed real wage growth were reduced in the June 30, 2016 actuarial valuation. The rates of withdrawal, retirement and disability and mortality rates were also updated to more closely reflect actual experience.

The long-term return expectation for the Pension Plan Investments has been determined by 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 an arithmetic weighted average 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 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
	100.00 %	

Discount Rate The total pension liability was calculated using the discount rate of 7.50 percent. A discount rate of 7.75 percent was used in the prior measurement period. 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 earnings were calculated using the long-term assumed investment rate of return (7.50 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 School District's proportionate share of the net pension liability calculated using the discount rate of 7.50 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 (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

Coldwater Exempted Village School District
Mercer County, Ohio

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2017
(Continued)

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	\$ 4,367,817	\$ 3,299,111	\$ 2,404,559

Actuarial Assumptions - STRS

The total pension liability in the July 1, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected Salary Increase	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.75 percent, net of investment expenses, including inflation
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, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return*</u>
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	<u>1.00</u>	<u>3.00</u>
	<u>100.00 %</u>	<u>7.61 %</u>

*10-year annualized geometric nominal returns, which include the real rate of return and inflation of 2.50 percent and does not include investment expenses. The total fund long-term expected return reflects diversification among the asset classes and therefore is not a weighted average return of the individual asset classes.

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. 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.

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

*Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2017
(Continued)*

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, 2016. 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, 2016.

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 as of June 30, 2016, 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 <u>(6.75%)</u>	Current Discount Rate <u>(7.75%)</u>	1% Increase <u>(8.75%)</u>
School District's proportionate share of the net pension liability	\$ 26,849,234	\$ 20,203,818	\$ 14,598,020

Changes Between Measurement Date and Report Date In March 2017, the STRS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75 percent to 7.45 percent. In April 2017, the STRS Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the overall decrease to School District's net pension liability is expected to be significant.

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.

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

*Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2017
(Continued)*

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 2017, SERS did not allocate any employer contributions to the Health Care fund. 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 2017, this amount was \$23,500. 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. For fiscal year 2017, the School District's surcharge obligation was \$21,785.

For fiscal years 2016 and 2017, SERS did not allocate employer contributions to the Health Care fund. The School District's contributions for health care for the fiscal year ended June 30, 2015, was \$13,001. The full amount has been contributed for fiscal year 2015.

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.

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 years 2017, 2016 and 2015, STRS did not allocate any employer contributions to post-employment health care; therefore, the School District did not contribute to health care in the last three fiscal years.

NOTE 11 - 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, 2017, the reserve activity was as follows:

	Capital <u>Improvements</u>	Budget Stabilization <u>BWC Refund</u>
Set Aside Reserve Balance June 30, 2016	\$ 0	\$ 30,977
Current Year Set Aside Requirement	239,927	0
Current Year Qualifying Expenditures	(214,526)	0
Current Year Offsets	<u>(105,073)</u>	<u>0</u>
Total	<u>\$ (79,672)</u>	<u>\$ 30,977</u>
Balance Carried Forward to Fiscal Year 2018	<u>\$ 0</u>	<u>\$ 30,977</u>
Set Aside Reserve Balance June 30, 2017	<u>\$ 0</u>	

Coldwater Exempted Village School District

Mercer County, Ohio

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2017

(Continued)

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 12 – 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:

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
Nonspendable:				
Unclaimed Monies	\$ 832	\$ 0	\$ 0	\$ 832
Total Nonspendable	<u>832</u>	<u>0</u>	<u>0</u>	<u>832</u>
Restricted for:				
Capital Outlay	0	0	20,384	20,384
Classroom Facilities Maintenance	0	0	812,466	812,466
Debt Service	0	1,047,248	0	1,047,248
Budget Stabilization - BWC Refund	30,977	0	0	30,977
Extracurricular Activities	0	0	63,818	63,818
Food Services	0	0	250,331	250,331
Other Purposes	0	0	67,588	67,588
Total Restricted	<u>30,977</u>	<u>1,047,248</u>	<u>1,214,587</u>	<u>2,292,812</u>
Committed to:				
Future Severance Payments	164,345	0	0	164,345
Total Committed	<u>164,345</u>	<u>0</u>	<u>0</u>	<u>164,345</u>
Assigned for:				
Instruction	69,640	0	0	69,640
Support Services	90,448	0	0	90,448
Extracurricular Activities	25,121	0	0	25,121
Total Assigned	<u>185,209</u>	<u>0</u>	<u>0</u>	<u>185,209</u>
Unassigned	5,633,430	0	0	5,633,430
	<u>\$ 6,014,793</u>	<u>\$ 1,047,248</u>	<u>\$ 1,214,587</u>	<u>\$ 8,276,628</u>

Coldwater Exempted Village School District

Mercer County, Ohio

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2017

(Continued)

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 fifty-five 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 4277 East Road, Elida, Ohio 45807.

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.

Southwestern Ohio Educational Purchasing Council - The Southwestern Ohio Educational Purchasing Council ("SOEPC") is a purchasing council made up of 148 public school districts in 17 counties in southwestern Ohio. The purpose of the council is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC.

Coldwater Exempted Village School District

Mercer County, Ohio

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2017

(Continued)

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.

Mercer-Auglaize Area Schools Regional Council of Governments - The Mercer-Auglaize Area Schools Regional Council of Governments, (the "Council") is established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio as defined by Chapter 167 of the Ohio Revised Code. The Council is established to provide employee welfare benefits as described in Section 501(c)(9) of the Internal Revenue Code for the benefit of employees of the member public school districts of the Council. The Council is a shared risk pool as defined by Government Accounting Standards Board (GASB) Statement No. 10 as amended by GASB Statement No. 30. It was formed to carry out a cooperative program for the provisions and administration of health, prescription drug and dental benefits for member public school district employees in accordance with the Council's constitution and bylaws.

The Council is governed by a Council Governing Board (the "Board") consisting of the superintendent of each member public school district or his/her designee. The Board is authorized to enter into agreements as deemed necessary to provide welfare benefit plans to the member public school districts. The Council consists of member public school districts. The Council's current membership consists of eleven local school districts and two educational service centers. Financial information can be obtained from the Mercer County Educational Service Center, 441 East Market Street, Celina, Ohio 45822.

NOTE 15 – JOINT VENTURE

The School District participates in the Tri-Star Career Compact, a joint venture with eight other school districts. The eight participating school districts comprise a "qualifying partnership" as defined by Ohio Revised Code Section 3318.71. The purpose of the Compact is to establish and maintain a career technical education program in accordance with standards adopted by the State Board of Education.

The joint venture is served by an advisory council consisting of two representatives each from the St. Marys City School District, the Celina City School District, and the Coldwater Exempted Village School District, three members representing the local school districts in Auglaize County (Minster, New Bremen, and New Knoxville), and three members representing the local school districts in Mercer County (Fort Recovery, Marion, and St. Henry). Members serve terms of two years. The advisory council serves at the discretion of the Boards of Education of the participating school districts and is not responsible to serve the electorate in any legal capacity.

In fiscal year 2016, the joint venture issued \$16,999,987 in classroom facilities bonds to acquire classroom facilities. The bonds are a general obligation of the "qualifying partnership". The bonds have an interest rate ranging from 2 percent to 4.2 percent and mature in fiscal year 2032. The bonds will be repaid from the resources of a property tax levied by the qualifying partnership and the qualifying partnership is obligated to pay all debt service on the bonds. If the proceeds of the tax collection are less than anticipated in any particular year resulting in insufficient resources to pay the principal and interest requirements of the bonds, the school districts making up the partnership are obligated to make up the amount of any shortfall.

Coldwater Exempted Village School District

Mercer County, Ohio

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2017

(Continued)

In addition, each participating school district is required to contribute a service fee and a reserve capital fee for each participating student from their school district and may also incur excess costs for operations of the Tri-Star Career Compact.

The joint venture has not currently accumulated significant financial resources nor is the joint venture experiencing fiscal stress that would cause an additional financial benefit to or burden on the participants; however, all participants have an ongoing financial responsibility as outlined above. Financial information may be obtained from the Celina City School District who serves as fiscal agent for the joint venture.

NOTE 16 – CONTINGENCIES AND COMMITMENTS

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, 2017, 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 finalized the impact of enrollment adjustments to the June 30, 2017 Foundation funding for the School District. The financial statement impact was determined to be immaterial and is not reported as an asset or liability of the School District.

D. Other Commitments

The School District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed or assigned classifications of fund balance. At year end, the School District's commitments for encumbrances in the governmental funds were as follows:

Coldwater Exempted Village School District
Mercer County, Ohio
Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2017
(Continued)

Fund	Amount
General	\$ 160,381
Nonmajor Governmental	38,539
	\$ 198,920

NOTE 17 - INTERFUND ADVANCES

During fiscal year 2017, the School District made advances between funds as follows:

	Advances In	Advances Out
Major:		
General Fund	\$ 0	\$ 12,587
Other Governmental Funds:		
Fifth Quarter Grant	12,587	0
Totals	\$ 12,587	\$ 12,587

These amounts represent advances made by the General Fund during fiscal year 2017 to cover general operations of grant funds.

NOTE 18 – 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 2017, 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 19 - 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).

Coldwater Exempted Village School District

Mercer County, Ohio

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2017

(Continued)

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 are as follows:

Net Change in Fund Balance

	<u>General</u>
Cash Basis	\$ 434,116
Funds Budgeted Elsewhere**	(9,199)
Adjustment for Encumbrances	<u>(160,087)</u>
Budget Basis	<u><u>\$ 264,830</u></u>

** 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, termination benefits fund, and unclaimed monies fund.

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Coldwater Exempted Village School District
Mercer County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
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, 2016. 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 2016 are as follows:

- In total, net position increased \$1,269,539, due to receipts consistently exceeding disbursements.
- Outstanding debt decreased from \$6,429,996 to \$6,024,996 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 2016, 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, 2016
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 2016?" 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 52. 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, 2016
Unaudited
(Continued)*

The School District as a Whole

Table 1 provides a summary of the School District's net position for fiscal year 2016 compared to 2015.

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

	Governmental Activities	
	2016	2015
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 7,788,431	\$ 6,518,892
<i>Total Assets</i>	7,788,431	6,518,892
Net Position		
Restricted for:		
Capital Outlay	18,884	17,384
Debt Service	1,002,944	804,276
Other Purposes	407,068	539,324
Classroom Facilities Maintenance	779,626	701,876
Unrestricted	5,579,909	4,456,032
<i>Total Net Position</i>	\$ 7,788,431	\$ 6,518,892

Net position of the governmental activities increased \$1,269,539 which represents a 19 percent increase from fiscal year 2015. The increase in net position is the result of receipts consistently exceeding disbursements.

A portion of the School District's net position, \$2,208,522 or 28 percent represents resources subject to external restrictions on how they may be used. The remaining balance of the government-wide unrestricted net position of \$5,579,909 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, 2016
Unaudited
(Continued)

Table 2 shows the changes in net position for fiscal year 2016 as compared to fiscal year 2015.

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

	Governmental Activities	
	2016	2015
Receipts		
Program Receipts		
Charges for Services and Sales	\$ 1,861,968	\$ 1,514,367
Operating Grants, Contributions and Interest	1,016,448	1,192,502
<i>Total Program Receipts</i>	<u>2,878,416</u>	<u>2,706,869</u>
General Receipts		
Property Taxes	4,286,778	4,160,494
Income Taxes	939,896	888,618
Grants and Entitlements not Restricted to		
Specific Programs	7,480,307	7,590,266
Payments in Lieu of Taxes	1,500	1,500
Proceeds from Sale of Assets	150	1,875
Investment Earnings	23,885	19,569
Miscellaneous	265,424	140,343
<i>Total General Receipts</i>	<u>12,997,940</u>	<u>12,802,665</u>
<i>Total Receipts</i>	<u>15,876,356</u>	<u>15,509,534</u>
Program Disbursements		
Instruction:		
Regular	6,912,845	7,244,784
Special	1,743,389	1,652,729
Vocational	502,498	516,252
Support Services:		
Pupils	377,910	433,455
Instructional Staff	316,301	322,549
Board of Education	15,016	16,023
Administration	1,150,385	1,128,218
Fiscal	407,480	388,868
Operation and Maintenance of Plant	1,062,347	1,063,087
Pupil Transportation	299,541	350,758
Central	30,080	29,696
Operation of Non-Instructional Services:		
Food Service Operations	528,092	537,717
Extracurricular Activities	703,854	631,915
Capital Outlay	0	770
Debt Service:		
Principal Retirement	405,000	235,348
Interest and Fiscal Charges	152,079	402,675
<i>Total Program Disbursements</i>	<u>14,606,817</u>	<u>14,954,844</u>
<i>Change in Net Position</i>	1,269,539	554,690
<i>Net Position Beginning of Year</i>	<u>6,518,892</u>	<u>5,964,202</u>
<i>Net Position End of Year</i>	<u>\$ 7,788,431</u>	<u>\$ 6,518,892</u>

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

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
Unaudited
(Continued)*

Several receipt sources fund the School District's governmental activities with unrestricted grants and entitlements being the largest contributor. Unrestricted grants and entitlements generated \$7.5 million in fiscal year 2016. General receipts from property and income taxes are also a large generator, of \$5.2 million.

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	
	2016	2015	2016	2015
<i>Program Disbursements</i>				
Instruction:				
Regular	\$ 6,912,845	\$ 7,244,784	\$ 5,836,493	\$ 6,178,866
Special	1,743,389	1,652,729	1,081,342	1,083,541
Vocational	502,498	516,252	416,260	427,121
Support Services:				
Pupils	377,910	433,455	372,510	428,055
Instructional Staff	316,301	322,549	316,301	322,549
Board of Education	15,016	16,023	15,016	16,023
Administration	1,150,385	1,128,218	1,044,324	1,054,146
Fiscal	407,480	388,868	407,480	388,868
Operation and Maintenance of Plant	1,062,347	1,063,087	1,055,639	1,063,087
Pupil Transportation	299,541	350,758	293,858	344,413
Central	30,080	29,696	30,080	29,696
Operation of Non-Instructional Services:				
Food Service Operations	528,092	537,717	(13,381)	(12,229)
Extracurricular Activities	703,854	631,915	315,400	285,046
Capital Outlay	0	770	0	770
Debt Service:				
Principal Retirement	405,000	235,348	405,000	235,348
Interest and Fiscal Charges	152,079	402,675	152,079	402,675
Total	\$ 14,606,817	\$ 14,954,844	\$ 11,728,401	\$ 12,247,975

The dependence upon tax revenues and general revenue entitlements from the State for governmental activities is apparent. Program revenues only account for 20 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, 2016
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 \$7,788,431, which is higher than the prior year balance of \$6,518,892.

The General Fund had total cash receipts of \$13,657,142, excluding Other Financing Sources. The cash disbursements of the General Fund totaled \$12,688,637, excluding Other Financing Sources. The General Fund's fund balance increased \$1,032,035 in fiscal year 2016. The increase in fund balance is the result of revenues consistently exceeding disbursements.

The OFCC Project Maintenance Fund had total cash receipts of \$110,385 and total cash disbursements of \$32,635, for an increase in fund balance of \$77,750 in fiscal year 2016. The increase in fund balance is due to the timing of receipt collections as compared to when the maintenance projects are performed.

The Debt Service Fund had total cash receipts of \$768,961 and total cash disbursements of \$570,293, for an increase in fund balance of \$198,668 in fiscal year 2016. The increase in fund balance can be attributed to a refund received from the bank for overcharging on a prior year debt refunding.

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 2016, the School District amended its general fund budget. For the general fund, final budget basis receipts were \$13,606,976, excluding other financing sources, representing an increase of \$293,867 from the original estimate of \$13,313,109, excluding other financing sources. Actual receipts of \$13,486,328, excluding other financing sources were \$120,648 less than the final budget, primarily from less intergovernmental received than expected. Tuition was originally underestimated.

For fiscal year 2016, the general fund final budget basis disbursements were \$12,967,582, excluding other financing uses, which is less than the original budgeted disbursements of \$13,164,777. Actual disbursements of \$12,746,168, excluding other financing uses, were \$221,414 lower than the final budget. The School District was able to keep costs lower than budgeted for and within receipts received.

There were no significant variances to note within other financing sources and uses.

Coldwater Exempted Village School District
Mercer County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
Unaudited
(Continued)

Debt Administration

The School District had the following long-term obligations outstanding at June 30, 2016 and 2015.

(Table 4)
Outstanding Debt, at June 30

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
2012 Refunding Bonds - Serial, Term and Capital Appreciation Bonds	<u>6,024,996</u>	<u>6,429,996</u>
<i>Total</i>	<u>\$ 6,024,996</u>	<u>\$ 6,429,996</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 Coldwater Exempted Village School District has not anticipated any meaningful growth in State 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 main concern is whether or not the funding formula is going to change, and if so, how will it impact the school's state funding.

Fortunately, 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 renewed a 10 year \$550,000 emergency operating levy in March 2016.

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 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, 2016*

*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, 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 is in process of having the curriculum and academic programs drive the budgetary process. This requires 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 that must be made by all staff, but management feels the entire district will benefit.

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, 2016

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 7,788,431
<i>Total Assets</i>	<i>\$ 7,788,431</i>
Net Position	
Restricted for:	
Debt Service	\$ 1,002,944
Capital Outlay	18,884
Classroom Facilities Maintenance	779,626
Other Purposes	407,068
Unrestricted	5,579,909
<i>Total Net Position</i>	<i>\$ 7,788,431</i>

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, 2016*

	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	\$ 6,912,845	\$ 964,897	\$ 111,455	\$ (5,836,493)
Special	1,743,389	124,939	537,108	(1,081,342)
Vocational	502,498	0	86,238	(416,260)
Support Services:				
Pupils	377,910	0	5,400	(372,510)
Instructional Staff	316,301	0	0	(316,301)
Board of Education	15,016	0	0	(15,016)
Administration	1,150,385	0	106,061	(1,044,324)
Fiscal	407,480	0	0	(407,480)
Operation and Maintenance of Plant	1,062,347	0	6,708	(1,055,639)
Pupil Transportation	299,541	0	5,683	(293,858)
Central	30,080	0	0	(30,080)
Operation of Non-Instructional Services:				
Food Service Operations	528,092	401,146	140,327	13,381
Extracurricular Activities	703,854	370,986	17,468	(315,400)
Debt Service:				
Principal Retirement	405,000	0	0	(405,000)
Interest and Fiscal Charges	152,079	0	0	(152,079)
Totals	\$ 14,606,817	\$ 1,861,968	\$ 1,016,448	(11,728,401)

General Receipts

Property Taxes Levied for:	
General Purposes	3,708,443
Debt Service	521,638
Building Maintenance	56,697
Income Taxes Levied for:	
General Purposes	939,896
Grants and Entitlements not Restricted to Specific Programs	7,480,307
Payments in Lieu of Taxes	1,500
Proceeds from Sale of Assets	150
Investment Earnings	23,885
Miscellaneous	265,424
Total General Receipts	12,997,940
Change in Net Position	1,269,539
Net Position Beginning of Year	6,518,892
Net Position End of Year	\$ 7,788,431

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, 2016

	General Fund	OFCC Project Maintenance Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 5,580,677	\$ 779,626	\$ 1,002,944	\$ 425,184	\$ 7,788,431
<i>Total Assets</i>	<u>\$ 5,580,677</u>	<u>\$ 779,626</u>	<u>\$ 1,002,944</u>	<u>\$ 425,184</u>	<u>\$ 7,788,431</u>
Fund Balances					
Nonspendable	\$ 768	\$ 0	\$ 0	\$ 0	\$ 768
Restricted	30,977	779,626	1,002,944	425,184	2,238,731
Committed	167,229	0	0	0	167,229
Assigned	221,664	0	0	0	221,664
Unassigned	5,160,039	0	0	0	5,160,039
<i>Total Fund Balances</i>	<u>\$ 5,580,677</u>	<u>\$ 779,626</u>	<u>\$ 1,002,944</u>	<u>\$ 425,184</u>	<u>\$ 7,788,431</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, 2016

	General Fund	OFCC Project Maintenance Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$ 3,708,441	\$ 56,697	\$ 521,638	\$ 0	\$ 4,286,776
Income Taxes	939,896	0	0	0	939,896
Intergovernmental	7,694,316	53,688	100,692	609,165	8,457,861
Investment Income	23,885	0	0	740	24,625
Tuition and Fees	1,084,165	0	0	0	1,084,165
Rent	4,861	0	0	0	4,861
Payments in Lieu of Taxes	0	0	0	1,500	1,500
Extracurricular Activities	84,621	0	0	286,355	370,976
Gifts and Donations	20,687	0	0	17,468	38,155
Customer Sales and Services	820	0	0	401,148	401,968
Miscellaneous	95,450	0	146,631	23,342	265,423
<i>Total Receipts</i>	<u>13,657,142</u>	<u>110,385</u>	<u>768,961</u>	<u>1,339,718</u>	<u>15,876,206</u>
Disbursements					
Current:					
Instruction:					
Regular	6,789,286	0	0	123,559	6,912,845
Special	1,545,580	0	0	197,809	1,743,389
Vocational	490,192	0	0	12,306	502,498
Support Services:					
Pupils	377,910	0	0	0	377,910
Instructional Staff	310,901	0	0	5,400	316,301
Board of Education	15,016	0	0	0	15,016
Administration	1,048,362	0	0	102,023	1,150,385
Fiscal	393,068	1,198	13,214	0	407,480
Operation and Maintenance of Plant	1,017,872	31,437	0	13,038	1,062,347
Pupil Transportation	299,541	0	0	0	299,541
Central	30,080	0	0	0	30,080
Extracurricular Activities	370,829	0	0	333,025	703,854
Operation of Non-Instructional Services:					
Food Service Operations	0	0	0	528,092	528,092
Debt Service:					
Principal Retirement	0	0	405,000	0	405,000
Interest and Fiscal Charges	0	0	152,079	0	152,079
<i>Total Disbursements</i>	<u>12,688,637</u>	<u>32,635</u>	<u>570,293</u>	<u>1,315,252</u>	<u>14,606,817</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>968,505</u>	<u>77,750</u>	<u>198,668</u>	<u>24,466</u>	<u>1,269,389</u>
Other Financing Sources (Uses)					
Proceeds from Sale of Assets	150	0	0	0	150
Advances In	63,380	0	0	0	63,380
Advances Out	0	0	0	(63,380)	(63,380)
<i>Total Other Financing Sources (Uses)</i>	<u>63,530</u>	<u>0</u>	<u>0</u>	<u>(63,380)</u>	<u>150</u>
<i>Net Change in Fund Balances</i>	1,032,035	77,750	198,668	(38,914)	1,269,539
<i>Fund Balances Beginning 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>
<i>Fund Balances End of Year</i>	<u>\$ 5,580,677</u>	<u>\$ 779,626</u>	<u>\$ 1,002,944</u>	<u>\$ 425,184</u>	<u>\$ 7,788,431</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Receipts				
Property and Other Local Taxes	\$ 3,625,494	\$ 3,708,441	\$ 3,708,441	\$ 0
Income Tax	906,390	939,896	939,896	0
Intergovernmental	7,838,000	7,842,699	7,694,316	(148,383)
Interest	18,000	21,500	23,885	2,385
Tuition and Fees	740,500	1,063,340	1,084,155	20,815
Rent	0	5,000	4,861	(139)
Gifts and Donations	0	15,000	15,315	315
Customer Sales and Services	107,175	1,100	820	(280)
Miscellaneous	77,550	10,000	14,639	4639
<i>Total Receipts</i>	<u>13,313,109</u>	<u>13,606,976</u>	<u>13,486,328</u>	<u>(120,648)</u>
Disbursements				
Current:				
Instruction:				
Regular	7,073,611	6,852,004	6,794,953	57,051
Special	1,505,174	1,575,398	1,558,800	16,598
Vocational	536,435	501,626	493,997	7,629
Support Services:				
Pupils	437,916	386,637	380,575	6,062
Instructional Staff	251,071	324,117	314,485	9,632
Board of Education	17,240	17,240	15,616	1,624
Administration	1,126,704	1,079,372	1,053,897	25,475
Fiscal	512,654	427,013	408,253	18,760
Operation and Maintenance of Plant	983,053	1,111,411	1,097,771	13,640
Pupil Transportation	365,419	341,179	303,664	37,515
Central	34,109	34,109	30,080	4,029
Extracurricular Activities	320,616	316,701	293,302	23,399
Capital Outlay:				
Building Acquisition and Construction Services	775	775	775	0
<i>Total Disbursements</i>	<u>13,164,777</u>	<u>12,967,582</u>	<u>12,746,168</u>	<u>221,414</u>
<i>Excess of Revenues Over (Under) Disbursements</i>	<u>148,332</u>	<u>639,394</u>	<u>740,160</u>	<u>100,766</u>
Other Financing Sources (Uses)				
Advances In	63,380	63,380	63,380	0
Proceeds from Sale of Assets	0	150	150	0
Refund of Prior Year Expenditures	10,000	23,739	23,739	0
Refund of Prior Year Receipts	0	(90)	(90)	0
Transfers Out	(100,000)	(75,000)	(75,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(26,620)</u>	<u>12,179</u>	<u>12,179</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	121,712	651,573	752,339	100,766
<i>Fund Balance Beginning of Year</i>	4,315,466	4,315,466	4,315,466	0
Prior Year Encumbrances Appropriated	109,420	109,420	109,420	0
<i>Fund Balance End of Year</i>	<u>\$ 4,546,598</u>	<u>\$ 5,076,459</u>	<u>\$ 5,177,225</u>	<u>\$ 100,766</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)
OFCC Project Maintenance Fund
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 53,000	\$ 53,000	\$ 56,697	\$ 3,697
Intergovernmental	56,130	55,980	53,688	(2,292)
<i>Total Receipts</i>	<u>109,130</u>	<u>108,980</u>	<u>110,385</u>	<u>1,405</u>
Disbursements				
Support Services:				
Fiscal	1,550	1,550	1,198	352
Operation and Maintenance of Plant	162,380	192,380	53,112	139,268
<i>Total Disbursements</i>	<u>163,930</u>	<u>193,930</u>	<u>54,310</u>	<u>139,620</u>
<i>Net Change in Fund Balance</i>	(54,800)	(84,950)	56,075	141,025
<i>Fund Balance Beginning of Year</i>	689,496	689,496	689,496	0
Prior Year Encumbrances Appropriated	12,380	12,380	12,380	0
<i>Fund Balance End of Year</i>	<u>\$ 647,076</u>	<u>\$ 616,926</u>	<u>\$ 757,951</u>	<u>\$ 141,025</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, 2016

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 183,567	\$ 23,838
Investments	25,642	0
Cash and Cash Equivalents in Segregated Accounts	0	12,708
<i>Total Assets</i>	\$ 209,209	\$ 36,546
Net Position		
Held for Endowments	\$ 159,790	\$ 0
Held in Trust for Scholarships	49,419	0
Held for Employees	0	20,979
Held for Student Activities	0	15,567
<i>Total Net Position</i>	\$ 209,209	\$ 36,546

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, 2016

	Scholarship
Additions	
Gifts and Contributions	\$ 3,252
Miscellaneous	247
	3,499
<i>Total Additions</i>	<i>3,499</i>
 Deductions	
Scholarships	23,459
	(19,960)
<i>Change in Net Position</i>	<i>(19,960)</i>
 <i>Net Position Beginning of Year</i>	 <i>229,169</i>
 <i>Net Position End of Year</i>	 <i>\$ 209,209</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, 2016

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, and Southwestern Ohio Educational Purchasing Council, Comp Management Workers’ Compensation Group Rating Plan, and the Mercer-Auglaize Area Schools Regional Council of Governments. 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.

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.

Coldwater Exempted Village School District

Mercer County, Ohio

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2016

(Continued)

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.

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

Coldwater Exempted Village School District

Mercer County, Ohio

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2016

(Continued)

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.

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.

Coldwater Exempted Village School District
Mercer County, Ohio

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2016
(Continued)

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.

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.

Coldwater Exempted Village School District

Mercer County, Ohio

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2016

(Continued)

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 2016, the School District invested in certificates of deposits and stock.

The School District has a Section 125 Rotary account which is presented as “Cash and Cash Equivalents in Segregated Accounts” on the financial statements.

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 2016 were \$23,885, which includes \$7,552 assigned from other School District funds.

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.

Coldwater Exempted Village School District

Mercer County, Ohio

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2016

(Continued)

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.

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.

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.”

Coldwater Exempted Village School District

Mercer County, Ohio

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2016

(Continued)

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.
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.

Coldwater Exempted Village School District

Mercer County, Ohio

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2016

(Continued)

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.

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, 2016, the School District has (to the extent it applies to the cash basis of accounting) implemented Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*.

GASB Statement No. 72 clarifies the definition of fair value for financial reporting purposes, establishes general principles for measuring fair value, provides additional fair value application guidance, and enhances disclosures about fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the School District.

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68 as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also clarifies the application of certain provisions of GASB Statements 67 and 68. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the School District.

Coldwater Exempted Village School District

Mercer County, Ohio

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2016

(Continued)

GASB Statement No. 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the School District.

GASB Statement No. 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the School District.

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.

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;

Coldwater Exempted Village School District

Mercer County, Ohio

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2016

(Continued)

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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 40 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.

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 \$8,006,394 and the bank balance was \$8,585,194. Of the bank balance, \$1,087,786 was covered by federal depository insurance and \$7,497,408 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, 2016, the School District has \$2,150 in undeposited cash on hand. This amount is included in cash and cash equivalents.

Coldwater Exempted Village School District

Mercer County, Ohio

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2016

(Continued)

Investments

Investments are reported at cost. As of June 30, 2016, the School District owned shares of Dominion stock that was donated at a value of \$25,642.

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, 2016, Dominion Resources, Inc. is rated BBB+ by S&P Global Ratings. 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 40 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 2016 represents collections of calendar year 2015 taxes. Real property taxes received in calendar year 2016 were levied after April 1, 2015, on the assessed value listed as of January 1, 2015, 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.

Public utility property tax revenue received in calendar 2016 represents collections of calendar year 2015 taxes. Public utility real and tangible personal property taxes received in calendar year 2016 became a lien December 31, 2014, were levied after April 1, 2015 and are collected in 2016 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The 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, 2016, are available to finance fiscal year 2016 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 2016 taxes were collected are:

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

*Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2016
(Continued)*

	2015 Second-Half Collections		2016 First-Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$ 154,613,020	98%	\$ 157,459,980	98%
Public Utility Personal Property	3,754,800	2%	3,693,320	2%
Total Assessed Value	<u>\$ 158,367,820</u>	<u>100%</u>	<u>\$ 161,153,300</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$ 52.88		\$ 52.58	

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 2016 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.

NOTE 7 - DEBT OBLIGATIONS

Debt obligations of the School District at June 30, 2016 consisted of the following:

	Principal Outstanding 6/30/15	Additions	Deductions	Principal Outstanding 6/30/16	Due Within One Year
2012 Refunding Bonds					
Rate 1.0 - 3.1%	<u>\$ 6,429,996</u>	<u>\$ 0</u>	<u>\$ 405,000</u>	<u>\$ 6,024,996</u>	<u>\$ 154,328</u>

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.

Coldwater Exempted Village School District
Mercer County, Ohio

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2016
(Continued)

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 2016 was \$177,272.

The School District has a line of credit of up to \$1,600,000 available and has until September 30, 2016 to draw on it.

The annual requirements to amortize all debt outstanding as of June 30, 2016 are as follows:

Fiscal Year Ending June 30.	2012		
	Bonds		
	Principal	Interest	Total
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	420,000	136,542	556,542
2022-2026	2,245,000	533,118	2,778,118
2027-2031	2,565,000	200,848	2,765,848
	<u>\$ 6,024,996</u>	<u>\$ 2,312,527</u>	<u>\$ 8,337,523</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 2016, the School District carried property and general liability insurance and boiler and machinery insurance. Professional liability is protected by the Liberty Mutual 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 Liberty Mutual 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

Mercer County, Ohio

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2016

(Continued)

B. Health Care Benefits

The School District participates in the Mercer Auglaize Area Schools Regional Council of Government (COG), 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 COG for employee medical, prescription drugs and dental benefits. The COG is responsible for the management and operations of the program. Upon withdrawal from the COG, a participant is responsible for the payment of all COG 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 Plan (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

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.

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.

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

*Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2016
(Continued)*

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, 2016, the allocation to pension, death benefits, and Medicare B was 14 percent. SERS did not allocate any employer contributions to the Health Care Fund for fiscal year 2016.

The School District’s contractually required contribution to SERS was \$236,716 for fiscal year 2016.

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.

Coldwater Exempted Village School District

Mercer County, Ohio

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2016

(Continued)

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 was 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.

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, 2016, plan members were required to contribute 13 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 2016 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$892,696 for fiscal year 2016.

Coldwater Exempted Village School District
Mercer County, Ohio

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2016
(Continued)

Net Pension Liability

The net pension liability was measured as of June 30, 2015, 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:

	<u>STRS</u>	<u>SERS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$ 16,730,344	\$ 2,601,119	\$ 19,331,463
Proportion of the Net Pension Liability	0.06053587%	0.04558490%	

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.

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, 2015, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3.00 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

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

*Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2016
(Continued)*

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:

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

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

Sensitivity of the 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.

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
School District's proportionate share of the net pension liability	\$ 3,606,817	\$ 2,601,119	\$ 1,754,238

Coldwater Exempted Village School District
Mercer County, Ohio

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2016
(Continued)

Changes between Measurement Date and Report Date

In April 2016, the SERS Board adopted certain assumption changes which impacted their annual actuarial valuation prepared as of June 30, 2016. The most significant change is a reduction in the discount rate from 7.75 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the Schools District's net pension liability is expected to be significant.

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increase	2.75 percent at 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2.00 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, 2015, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

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

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

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2015. 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

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

*Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2016
(Continued)*

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, 2015. 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, 2015.

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	\$ 23,239,710	\$ 16,730,344	\$ 11,225,704

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 2016, SERS did not allocate any employer contributions to the Health Care fund. 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 2016, this amount was \$23,000. 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.

Coldwater Exempted Village School District
Mercer County, Ohio

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2016
(Continued)

The School District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2016, 2015, and 2014 were \$21,150, \$34,483 and \$22,914, respectively. The full amount has been contributed for fiscal years 2016, 2015 and 2014.

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.

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 2016, 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, 2016, 2015, and 2014 were \$0, \$0, and \$63,220, respectively. The full amount has been contributed for fiscal years 2016, 2015 and 2014.

NOTE 11 - 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, 2016, the reserve activity was as follows:

	Capital <u>Improvements</u>	Budget Stabilization <u>BWC Refund</u>
Set Aside Restricted Balance June 30, 2015	\$ 0	\$ 30,977
Current Year Set Aside Requirement	236,198	0
Current Year Qualifying Expenditures	(486,944)	0
Current Year Offsets	<u>(106,615)</u>	<u>0</u>
Total	<u>\$ (357,361)</u>	<u>\$ 30,977</u>
Balance Carried Forward to Fiscal Year 2017	<u>\$ 0</u>	<u>\$ 30,977</u>
Set Aside Restricted Balance June 30, 2016	<u>\$ 0</u>	

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.

Coldwater Exempted Village School District
Mercer County, Ohio

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2016
(Continued)

NOTE 12 – 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	\$ 768	\$ 0	\$ 0	\$ 0	\$ 768
Total Nonspendable	<u>768</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>768</u>
Restricted for:					
Capital Outlay	0	0	0	18,884	18,884
Classroom Facilities Maintenance	0	779,626	0	0	779,626
Debt Service	0	0	1,002,944	0	1,002,944
Budget Stabilization - BWC Refund	30,977	0	0	0	30,977
Extracurricular Activities	0	0	0	79,110	79,110
Food Services	0	0	0	247,824	247,824
Other Purposes	0	0	0	79,366	79,366
Total Restricted	<u>30,977</u>	<u>779,626</u>	<u>1,002,944</u>	<u>425,184</u>	<u>2,238,731</u>
Committed to:					
Future Severance Payments	167,229	0	0	0	167,229
Total Committed	<u>167,229</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>167,229</u>
Assigned for:					
Instruction	87,469	0	0	0	87,469
Support Services	111,593	0	0	0	111,593
Capital Outlay	775	0	0	0	775
Extracurricular Activities	16,327	0	0	0	16,327
Subsequent Year Appropriations	5,500	0	0	0	5,500
Total Assigned	<u>221,664</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>221,664</u>
Unassigned	5,160,039	0	0	0	5,160,039
	<u>\$ 5,580,677</u>	<u>\$ 779,626</u>	<u>\$ 1,002,944</u>	<u>\$ 425,184</u>	<u>\$ 7,788,431</u>

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 fifty-five 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 4277 East Road, Elida, Ohio 45807.

Coldwater Exempted Village School District
Mercer County, Ohio

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2016
(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 than 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, 7746 County Road 140, 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.

Southwestern Ohio Educational Purchasing Council - The Southwestern Ohio Educational Purchasing Council ("SOEPC") is a purchasing council made up of 148 public school districts in 17 counties in southwestern Ohio. The purpose of the council is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC.

Coldwater Exempted Village School District

Mercer County, Ohio

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2016

(Continued)

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.

Mercer-Auglaize Area Schools Regional Council of Governments - The Mercer-Auglaize Area Schools Regional Council of Governments, (the "Council") is established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio as defined by Chapter 167 of the Ohio Revised Code. The Council is established to provide employee welfare benefits as described in Section 501(c)(9) of the Internal Revenue Code for the benefit of employees of the member public school districts of the Council. The Council is a shared risk pool as defined by Government Accounting Standards Board (GASB) Statement No. 10 as amended by GASB Statement No. 30. It was formed to carry out a cooperative program for the provisions and administration of health, prescription drug and dental benefits for member public school district employees in accordance with the Council's constitution and bylaws.

The Council is governed by a Council Governing Board (the "Board") consisting of the superintendent of each member public school district or his/her designee. The Board is authorized to enter into agreements as deemed necessary to provide welfare benefit plans to the member public school districts. The Council consists of member public school districts. The Council's current membership consists of eleven local school districts and two educational service centers. Financial information can be obtained from the Mercer County Educational Service Center, 441 East Market Street, Celina, Ohio 45822.

NOTE 15 – CONTINGENCIES AND COMMITMENTS

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, 2016, 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.

Coldwater Exempted Village School District

Mercer County, Ohio

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2016

(Continued)

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 finalized the impact of enrollment adjustments to the June 30, 2016 Foundation funding for the School District. The financial statement impact was determined to be immaterial and is not reported as an asset or liability of the School District.

D. Other Commitments

The School District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed or assigned classifications of fund balance. At year end, the School District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Amount</u>
General	\$ 200,736
OFCC Project Maintenance	21,675
Nonmajor Governmental	<u>11,529</u>
	<u>\$ 233,940</u>

NOTE 16 - INTERFUND ADVANCES

During fiscal year 2016, the School District made advances between funds as follows:

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

These amounts represent the return of advances made by the General Fund during fiscal year 2015 to cover general operations of grant funds.

Coldwater Exempted Village School District

Mercer County, Ohio

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2016

(Continued)

NOTE 17 – 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 2016, 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, and OFCC project maintenance fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and 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 and the OFCC project maintenance fund are as follows:

	General	OFCC Project Maintenance
Cash Basis	\$ 1,032,035	\$ 77,750
Funds Budgeted Elsewhere**	(80,105)	0
Adjustment for Encumbrances	(199,591)	(21,675)
Budget Basis	<u>\$ 752,339</u>	<u>\$ 56,075</u>

** 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.

NOTE 19 – SUBSEQUENT EVENT

The School District participates in the Tri-Star Career Compact. The purpose of the Compact is to establish and maintain a career technical education program in accordance with standards adopted by the State Board of Education. On January 19, 2017, Tri-Star issued \$16,999,987 in classroom facilities bonds to acquire classroom facilities. The bonds are a general obligation of the qualifying partnership (School Districts) with an interest rate from 2 percent to 4.2 percent. The bonds mature in fiscal year 2032 and will be repaid from a property tax levied by the qualifying partnership. If the proceeds of the tax collection are less than anticipated in any year, the school district making up the qualifying partnership are obligated to make up the amount of any shortfall.



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 years ended June 30, 2017 and 2016, 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 June 25, 2018, 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 opinions 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 2017-001.

School District's Response to Findings

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

June 25, 2018

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**SCHEDULE OF FINDINGS
JUNE 30, 2017 AND 2016**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2017-001

Noncompliance

Ohio Rev. Code § 117.38 provides, in part, that each public office, other than a state agency, 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.

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 2017 and 2016 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, deferred inflows/outflows, 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 for fiscal year 2017 and 2016.

The School District should prepare its annual financial statements in accordance with GAAP to include assets, liabilities, deferred inflows/outflows, fund equities and the disclosures required to accurately and completely present the School District's financial condition.

Official's Response:

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



Coldwater Exempted Village Schools

310 North Second Street

COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT MERCER COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS JUNE 30, 2017 AND 2016

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2015-001	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
2015-002	34 CFR 80.20(b)(7), 34 CFR 80.21(b) & ODE CCIP Note #284 – the School District did not spend six of eight requests within a month of receipt.	No	The district established procedures to review cash receipts more timely to ensure minimum time elapses between cash draw downs and disbursements.



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
JULY 5, 2018**