



**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT  
MERCER COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED JUNE 30, 1999**



**JIM PETRO  
AUDITOR OF STATE**

STATE OF OHIO



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## REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Coldwater Exempted Village School District, Mercer County, (the District) as of and for the year ended June 30, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Coldwater Exempted Village School District, Mercer County, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 1999 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

**JIM PETRO**  
Auditor of State

December 2, 1999



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**Combined Balance Sheet**  
**All Fund Types and Account Groups**  
**June 30, 1999**

	<b>Governmental Fund Types</b>			
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>
<b><u>Assets and Other Debits:</u></b>				
<b><u>Assets:</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$1,195,263	\$460,033	\$203,158	\$422,560
Receivables:				
Property Taxes	2,494,364	0	557,254	0
Income Taxes	165,971	0	0	0
Accounts	12,785	2,830	0	0
Intergovernmental	39,881	4,348	0	13,776
Accrued Interest	2,856	0	0	0
Interfund Receivable	5,500	0	0	0
Prepaid Items	7,705	0	0	0
Materials and Supplies Inventory	0	0	0	0
Inventory Held for Resale	0	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	163,763	0	0	0
Intergovernmental Receivable	389	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<b><u>Other Debits:</u></b>				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided from General Governmental Resources	0	0	0	0
<b>Total Assets and Other Debits</b>	<b><u>\$4,088,477</u></b>	<b><u>\$467,211</u></b>	<b><u>\$760,412</u></b>	<b><u>\$436,336</u></b>
<b><u>Liabilities, Fund Equity and Other Credits:</u></b>				
<b><u>Liabilities:</u></b>				
Accounts Payable	\$22,595	\$738	\$0	\$2,692
Accrued Wages and Benefits	690,141	6,267	0	0
Compensated Absences Payable	50,648	0	0	0
Interfund Payable	0	5,000	0	0
Intergovernmental Payable	140,469	91	0	0
Deferred Revenue	2,494,364	0	557,254	0
Undistributed Assets	0	0	0	0
Due to Students	0	0	0	0
Energy Conservation Notes Payable	0	0	0	0
Asbestos Removal Loan Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
<b>Total Liabilities</b>	<b><u>3,398,217</u></b>	<b><u>12,096</u></b>	<b><u>557,254</u></b>	<b><u>2,692</u></b>
<b><u>Fund Equity and Other Credits:</u></b>				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	73,852	30,921	0	382,758
Reserved for Bus Purchases	36,893	0	0	0
Reserved for Contributions	0	0	0	0
Reserved for Textbooks and Instructional Materials	24,922	0	0	0
Reserved for Capital Improvements	7,672	0	0	0
Reserved for Budget Stabilization	94,665	0	0	0
Unreserved:				
Designated for Textbooks and Instructional Materials	41,969	0	0	0
Designated for Capital Improvements	18,669	0	0	0
Designated for Budget Stabilization	9,334	0	0	0
Undesignated	382,284	424,194	203,158	50,886
<b>Total Fund Equity and Other Credits</b>	<b><u>690,260</u></b>	<b><u>455,115</u></b>	<b><u>203,158</u></b>	<b><u>433,644</u></b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b><u>\$4,088,477</u></b>	<b><u>\$467,211</u></b>	<b><u>\$760,412</u></b>	<b><u>\$436,336</u></b>

See accompanying notes to the general purpose financial statements



Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$116,952	\$157,139	\$0	\$0	\$2,555,105
0	0	0	0	3,051,618
0	0	0	0	165,971
8	0	0	0	15,623
8,713	0	0	0	66,718
0	0	0	0	2,856
0	0	0	0	5,500
0	0	0	0	7,705
1,371	0	0	0	1,371
10,691	0	0	0	10,691
0	0	0	0	163,763
0	0	0	0	389
110,420	0	12,855,634	0	12,966,054
0	0	0	203,158	203,158
0	0	0	4,848,741	4,848,741
<u>\$248,155</u>	<u>\$157,139</u>	<u>\$12,855,634</u>	<u>\$5,051,899</u>	<u>\$24,065,263</u>
\$7,426	\$735	\$0	\$0	\$34,186
50,906	0	0	0	747,314
7,388	0	0	1,055,248	1,113,284
0	500	0	0	5,500
12,959	0	0	53,547	207,066
5,851	0	0	0	3,057,469
0	5,619	0	0	5,619
0	14,455	0	0	14,455
0	0	0	78,970	78,970
0	0	0	124,149	124,149
0	0	0	3,739,985	3,739,985
<u>84,530</u>	<u>21,309</u>	<u>0</u>	<u>5,051,899</u>	<u>9,127,997</u>
0	0	12,855,634	0	12,855,634
163,625	0	0	0	163,625
0	0	0	0	487,531
0	0	0	0	36,893
0	75,571	0	0	75,571
0	0	0	0	24,922
0	0	0	0	7,672
0	0	0	0	94,665
0	0	0	0	41,969
0	0	0	0	18,669
0	0	0	0	9,334
0	60,259	0	0	1,120,781
<u>163,625</u>	<u>135,830</u>	<u>12,855,634</u>	<u>0</u>	<u>14,937,266</u>
<u>\$248,155</u>	<u>\$157,139</u>	<u>\$12,855,634</u>	<u>\$5,051,899</u>	<u>\$24,065,263</u>

**Combined Statement of Revenues, Expenditures  
and Changes in Fund Balances  
All Governmental Fund Types and Similar Trust Funds  
For the Fiscal Year Ended June 30, 1999**

	<u>Governmental Fund Types</u>				<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Revenues:</b>						
Property Tax	\$2,565,353	\$0	\$565,127	\$0	\$0	\$3,130,480
Income Tax	512,511	0	0	0	0	512,511
Intergovernmental	5,139,290	339,702	59,680	479,959	0	6,018,631
Interest	139,646	0	0	0	1,038	140,684
Tuition and Fees	86,113	0	0	0	649	86,762
Extracurricular Activities	0	192,769	0	0	0	192,769
Gifts and Donations	0	3,251	0	81,230	0	84,481
Customer Services	96,221	0	0	149,260	0	245,481
Miscellaneous	45,845	11,371	0	0	19,815	77,031
Total Revenues	<u>8,584,979</u>	<u>547,093</u>	<u>624,807</u>	<u>710,449</u>	<u>21,502</u>	<u>10,488,830</u>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	4,166,186	125,996	0	0	2,286	4,294,468
Special	691,022	73,545	0	0	0	764,567
Vocational	468,036	1,800	0	0	0	469,836
Adult/Continuing	16	0	0	0	0	16
Support Services:						
Pupils	294,905	1,230	0	0	0	296,135
Instructional Staff	336,315	66,936	0	155,883	0	559,134
Board of Education	9,920	0	0	0	0	9,920
Administration	663,270	0	0	0	0	663,270
Fiscal	200,472	0	12,581	0	0	213,053
Operation and Maintenance of Plant	843,129	0	0	251,565	0	1,094,694
Pupil Transportation	261,912	0	0	0	0	261,912
Central	32,196	6,250	0	0	0	38,446
Extracurricular Activities	180,303	160,684	0	0	0	340,987
Capital Outlay	48,213	0	0	5,192	0	53,405
Debt Service:						
Principal Retirement	0	0	390,925	0	0	390,925
Interest and Fiscal Charges	0	0	159,023	0	0	159,023
Total Expenditures	<u>8,195,895</u>	<u>436,441</u>	<u>562,529</u>	<u>412,640</u>	<u>2,286</u>	<u>9,609,791</u>
Excess of Revenues Over Expenditures	<u>389,084</u>	<u>110,652</u>	<u>62,278</u>	<u>297,809</u>	<u>19,216</u>	<u>879,039</u>
<b>Other Financing Sources (Uses):</b>						
Proceeds from Sale of Fixed Assets	363	0	0	0	0	363
Operating Transfers In	169	257,293	0	0	0	257,462
Operating Transfers Out	<u>(257,293)</u>	<u>(169)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(257,462)</u>
Total Other Financing Sources (Uses)	<u>(256,761)</u>	<u>257,124</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>363</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	132,323	367,776	62,278	297,809	19,216	879,402
Fund Balances at Beginning of Year	<u>557,937</u>	<u>87,339</u>	<u>140,880</u>	<u>135,835</u>	<u>2,088</u>	<u>924,079</u>
Fund Balances at End of Year	<u>\$690,260</u>	<u>\$455,115</u>	<u>\$203,158</u>	<u>\$433,644</u>	<u>\$21,304</u>	<u>\$1,803,481</u>

See accompanying notes to the general purpose financial statements

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**Combined Statement of Revenues, Expenditures and  
Changes in Fund Balances - Budget and Actual (Budget Basis)  
All Governmental Fund Types and Similar Trust Funds  
For the Fiscal Year Ended June 30, 1999**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Property Taxes	\$2,492,669	\$2,565,353	\$72,684	\$0	\$0	\$0
Income Taxes	503,000	503,283	283	0	0	0
Intergovernmental	5,104,073	5,143,204	39,131	233,114	354,879	121,765
Interest	128,000	139,428	11,428	0	0	0
Tuition and Fees	72,996	88,304	15,308	0	0	0
Extracurricular Activities	0	0	0	190,534	190,534	0
Gifts and Donations	0	0	0	3,251	3,251	0
Customer Services	84,000	84,901	901	0	0	0
Miscellaneous	29,154	36,092	6,938	9,476	9,551	75
Total Revenues	<u>8,413,892</u>	<u>8,560,565</u>	<u>146,673</u>	<u>436,375</u>	<u>558,215</u>	<u>121,840</u>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	4,193,350	4,123,805	69,545	235,864	136,560	99,304
Special	739,657	685,568	54,089	81,354	69,541	11,813
Vocational	562,881	440,715	122,166	1,800	1,800	0
Adult Continuing	250	0	250	0	0	0
Support Services:						
Pupils	319,144	292,564	26,580	1,413	1,319	94
Instructional Staff	436,745	351,823	84,922	85,140	66,734	18,406
Board of Education	17,008	9,861	7,147	0	0	0
Administration	703,203	648,318	54,885	0	0	0
Fiscal	210,198	199,845	10,353	0	0	0
Operation and Maintenance of Plant	1,010,962	897,578	113,384	0	0	0
Pupil Transportation	381,461	325,782	55,679	0	0	0
Central	33,904	32,187	1,717	6,250	6,250	0
Extracurricular Activities	203,063	178,486	24,577	192,946	185,748	7,198
Capital Outlay	48,293	48,213	80	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	<u>8,860,119</u>	<u>8,234,745</u>	<u>625,374</u>	<u>604,767</u>	<u>467,952</u>	<u>136,815</u>
Excess of Revenues Over (Under) Expenditures	<u>(446,227)</u>	<u>325,820</u>	<u>772,047</u>	<u>(168,392)</u>	<u>90,263</u>	<u>258,655</u>
<b>Other Financing Sources (Uses):</b>						
Proceeds from Sale of Fixed Assets	0	363	363	0	0	0
Other Financing Sources	500	185	(315)	0	0	0
Refund of Prior Year Expenditures	9,239	9,239	0	1,820	1,820	0
Advances In	26,631	26,631	0	11,904	11,046	(858)
Advances Out	(11,946)	(11,046)	900	(26,631)	(26,631)	0
Operating Transfers In	0	169	169	157,293	257,293	100,000
Operating Transfers Out	(257,293)	(257,293)	0	(169)	(169)	0
Total Other Financing Sources (Uses)	<u>(232,869)</u>	<u>(231,752)</u>	<u>1,117</u>	<u>144,217</u>	<u>243,359</u>	<u>99,142</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(679,096)</u>	<u>94,068</u>	<u>773,164</u>	<u>(24,175)</u>	<u>333,622</u>	<u>357,797</u>
Fund Balances at Beginning of Year	892,176	892,176	0	59,873	59,873	0
Prior Year Encumbrances Appropriated	<u>211,411</u>	<u>211,411</u>	<u>0</u>	<u>35,171</u>	<u>35,171</u>	<u>0</u>
Fund Balances at End of Year	<u>\$424,491</u>	<u>\$1,197,655</u>	<u>\$773,164</u>	<u>\$70,869</u>	<u>\$428,666</u>	<u>\$357,797</u>

See accompanying notes to the general purpose financial statements

Debt Service Fund			Capital Projects Funds			Expendable Trust Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$553,867	\$565,127	\$11,260	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0	0	0
53,600	59,680	6,080	483,359	466,183	(17,176)	0	0	0
0	0	0	0	0	0	1,038	1,038	0
0	0	0	0	0	0	579	649	70
0	0	0	0	0	0	0	0	0
0	0	0	81,000	81,230	230	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	9,715	9,715	0
607,467	624,807	17,340	564,359	547,413	(16,946)	11,332	11,402	70
0	0	0	0	0	0	6,853	1,286	5,567
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	172,951	166,833	6,118	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
11,915	12,581	(666)	0	0	0	0	0	0
0	0	0	392,961	375,784	17,177	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	252,780	252,780	0	0	0	0
390,945	390,925	20	0	0	0	0	0	0
159,023	159,023	0	0	0	0	0	0	0
561,883	562,529	(646)	818,692	795,397	23,295	6,853	1,286	5,567
45,584	62,278	16,694	(254,333)	(247,984)	6,349	4,479	10,116	5,637
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	149,260	149,260	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	149,260	149,260	0	0	0	0
45,584	62,278	16,694	(105,073)	(98,724)	6,349	4,479	10,116	5,637
140,880	140,880	0	101,687	101,687	0	11,187	11,187	0
0	0	0	34,147	34,147	0	0	0	0
\$186,464	\$203,158	\$16,694	\$30,761	\$37,110	\$6,349	\$15,666	\$21,303	\$5,637

**Combined Statement of Revenues,  
Expenses and Changes in Retained Earnings/Fund Balance  
Proprietary Fund Type and Similar Trust Fund  
For the Fiscal Year Ended June 30, 1999**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<b>Totals (Memorandum Only)</b>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
<b><u>Operating Revenues:</u></b>			
Sales	\$304,849	\$0	\$304,849
Tuition	3,182	0	3,182
Interest	0	4,667	4,667
Contribution and Donations	0	22,000	22,000
Other Operating Revenues	1,539	0	1,539
Total Operating Revenues	<u>309,570</u>	<u>26,667</u>	<u>336,237</u>
<b><u>Operating Expenses:</u></b>			
Salaries	109,767	0	109,767
Fringe Benefits	71,427	0	71,427
Purchased Services	15,196	0	15,196
Materials and Supplies	30,827	0	30,827
Cost of Sales	205,063	0	205,063
Depreciation	3,434	0	3,434
Other Operating Expenses	892	0	892
Total Operating Expenses	<u>436,606</u>	<u>0</u>	<u>436,606</u>
Operating Income (Loss)	<u>(127,036)</u>	<u>26,667</u>	<u>(100,369)</u>
<b><u>Non-Operating Revenues (Expenses):</u></b>			
Federal Commodities	41,258	0	41,258
Interest	817	0	817
Loss on Sale of Fixed Assets	(129)	0	(129)
Operating Grants	58,433	0	58,433
Total Non-Operating Revenues (Expenses)	<u>100,379</u>	<u>0</u>	<u>100,379</u>
Income (Loss) Before Operating Transfers	<u>(26,657)</u>	<u>26,667</u>	<u>10</u>
Operating Transfers In	<u>0</u>	<u>0</u>	<u>0</u>
Net Income (Loss)	<u>(26,657)</u>	<u>26,667</u>	<u>10</u>
Retained Earnings/Fund Balance at Beginning of Year	<u>190,282</u>	<u>87,859</u>	<u>278,141</u>
Retained Earnings/Fund Balance at End of Year	<u>\$163,625</u>	<u>\$114,526</u>	<u>\$278,151</u>

See accompanying notes to the general purpose financial statements

**Combined Statement of Cash Flows**  
**Proprietary Fund Type and Similar Trust Fund**  
**For the Fiscal Year Ended June 30, 1999**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
<b><u>Increase (Decrease) in Cash and Cash Equivalents:</u></b>			
<b><u>Cash Flows from Operating Activities:</u></b>			
Cash Received from Customers	\$304,841	\$0	\$304,841
Cash Received from Tuition Payments	3,182	0	3,182
Cash Received from Contributions and Donations	0	31,100	31,100
Cash Received from Other Operating Revenue	1,539	0	1,539
Cash Payments to Suppliers for Goods and Services	(214,190)	0	(214,190)
Cash Payments to Employees for Services	(115,735)	0	(115,735)
Cash Payments for Employee Benefits	(36,013)	0	(36,013)
Cash Payments for Other Expenses	(892)	0	(892)
Net Cash Used for Operating Activities	<u>(57,268)</u>	<u>31,100</u>	<u>(26,168)</u>
<b><u>Cash Flows from Noncapital Financing Activities:</u></b>			
Operating Grants Received	<u>55,979</u>	<u>0</u>	<u>55,979</u>
<b><u>Cash Flows from Capital Financing Activities:</u></b>			
Acquisition of Fixed Assets	(31,520)	0	(31,520)
Cash Received from Sale of Fixed Assets	<u>2,421</u>	<u>0</u>	<u>2,421</u>
Net Cash Used for Capital Financing Activities	<u>(29,099)</u>	<u>0</u>	<u>(29,099)</u>
<b><u>Cash Flows from Investing Activities:</u></b>			
Cash Received from Interest	<u>817</u>	<u>4,667</u>	<u>5,484</u>
Net Cash Provided by Investing Activities	<u>817</u>	<u>4,667</u>	<u>5,484</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(29,571)	35,767	6,196
Cash and Cash Equivalents at Beginning of Year	<u>146,523</u>	<u>78,759</u>	<u>225,282</u>
Cash and Cash Equivalents at End of Year	<u>\$116,952</u>	<u>\$114,526</u>	<u>\$231,478</u>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:</u></b>			
Operating Income (Loss)	<u>(\$127,036)</u>	<u>\$26,667</u>	<u>(\$100,369)</u>
<b><u>Adjustments to Reconcile Operating Income (Loss) to Net Cash Used for Operating Activities:</u></b>			
Depreciation	3,434	0	3,434
Interest	0	(4,667)	(4,667)
Donated Commodities Used During Year	41,258	0	41,258
<b><u>Changes in Assets and Liabilities:</u></b>			
Increase in Accounts Receivable	(8)	0	(8)
Decrease in Interfund Receivable	0	9,100	9,100
Increase in Inventory Held for Resale	(3,870)	0	(3,870)
Increase in Materials and Supplies Inventory	(846)	0	(846)
Decrease in Prepaid Items	1,787	0	1,787
Increase in Accounts Payable	355	0	355
Increase in Accrued Wages and Benefits	34,853	0	34,853
Decrease in Compensated Absences Payable	(5,643)	0	(5,643)
Decrease in Intergovernmental Payable	(1,552)	0	(1,552)
Total Adjustments	<u>69,768</u>	<u>4,433</u>	<u>74,201</u>
Net Cash Used for Operating Activities	<u>(\$57,268)</u>	<u>\$31,100</u>	<u>(\$26,168)</u>
<b><u>Reconciliation of Trust and Agency Funds:</u></b>			
Cash and Cash Equivalents - All Fiduciary Funds:		\$157,139	
Cash and Cash Equivalents - Agency Funds		(21,309)	
Cash and Cash Equivalents - Expendable Trust Funds		<u>(21,304)</u>	
Cash and Cash Equivalents - Nonexpendable Trust Fund		<u>\$114,526</u>	

See accompanying notes to the general purpose financial statements

**Combined Statement of Revenues, Expenses and  
Changes in Fund Balances - Budget and Actual (Budget Basis)  
Proprietary Fund Type and Similar Trust Fund  
For the Fiscal Year Ended June 30, 1999**

	Enterprise			NonExpendable Trust		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Sales	\$302,347	\$304,841	\$2,494	\$0	\$0	\$0
Tuition	3,182	3,182	0	0	0	0
Interest	1,200	817	(383)	4,787	4,667	(120)
Operating Grants	56,000	55,979	(21)	0	0	0
Contributions and Donations	0	0	0	31,100	31,100	0
Proceeds from Sale of Fixed Assets	2,500	2,421	(79)	0	0	0
Other Revenues	1,538	1,538	0	0	0	0
<b>Total Revenues</b>	<b>366,767</b>	<b>368,778</b>	<b>2,011</b>	<b>35,887</b>	<b>35,767</b>	<b>(120)</b>
<b>Expenses:</b>						
Salaries	123,687	115,735	7,952	0	0	0
Fringe Benefits	39,305	36,013	3,292	0	0	0
Purchased Services	23,230	15,579	7,651	0	0	0
Materials and Supplies	218,355	194,775	23,580	3,000	0	3,000
Capital Outlay	47,457	44,573	2,884	0	0	0
Other Operating Expenses	2,400	892	1,508	5,223	0	5,223
<b>Total Expenses</b>	<b>454,434</b>	<b>407,567</b>	<b>46,867</b>	<b>8,223</b>	<b>0</b>	<b>8,223</b>
Excess of Revenues Over (Under) Expenses	(87,667)	(38,789)	48,878	27,664	35,767	8,103
Operating Transfers In	0	0	0	0	0	0
Excess of Revenues Over (Under) Expenses and Operating Transfers	(87,667)	(38,789)	48,878	27,664	35,767	8,103
Fund Balances at Beginning of Year	135,722	135,722	0	78,759	78,759	0
Prior Year Encumbrances Appropriated	10,802	10,802	0	0	0	0
<b>Fund Balances at End of Year</b>	<b>\$58,857</b>	<b>\$107,735</b>	<b>\$48,878</b>	<b>\$106,423</b>	<b>\$114,526</b>	<b>\$8,103</b>

See accompanying notes to the general purpose financial statements



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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

Coldwater Exempted Village School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. This Board of Education controls the School District's one instructional/support facility staffed by 39 noncertified and 105 certificated full-time teaching personnel who provide services to 1,645 students and other community members.

*Reporting Entity:*

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

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

The School District is associated with three jointly governed organizations and two insurance pools. These organizations include the Northwest Ohio Area Computer Services Cooperative, Northwest Ohio Area Computer Service Cooperative Workers' Compensation Group Rating Program, West Central Ohio Regional Professional Development Center, Special Education Regional Resource Center, and the Mercer-Auglaize Schools Employee Benefits Trust. These organizations are presented in Notes 18 and 19 to the general purpose financial statements.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Basis Of Presentation - Fund Accounting**

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

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**A. Basis Of Presentation - Fund Accounting** (Continued)

designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

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

*Governmental Fund Types:*

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

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

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

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

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

*Proprietary Fund Types:*

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

*Enterprise Funds* - Enterprise funds are used to account for School District activities that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

*Fiduciary Fund Types:*

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**A. Basis Of Presentation - Fund Accounting** (Continued)

*Account Groups:*

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

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

*General Long-Term Obligations Account Group* - This account group is established to account for all long-term obligations of the School District except those accounted for in the enterprise or trust funds.

**B. Measurement Focus and Basis of Accounting**

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

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

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

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

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

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 1999, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**B. Measurement Focus and Basis of Accounting** (Continued)

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

**C. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

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

*Tax Budget:*

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

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

*Estimated Resources:*

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 1999.

*Appropriations:*

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education. Appropriations are adopted at the fund, function, and object level of expenditures, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**C. Budgetary Process** (Continued)

The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within the general fund, or alter object appropriations within functions in the general fund, must be approved by the Board of Education.

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

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

*Encumbrances:*

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

*Lapsing of Appropriations:*

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

**D. Cash and Cash Equivalents**

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet. During fiscal year 1999, investments were limited to STAROhio and non-negotiable certificates of deposit.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost.

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 1999. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 1999.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**D. Cash and Cash Equivalents** (Continued)

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the General Fund during fiscal year 1998 amounted to \$139,646, which includes \$62,524 assigned from other School District funds.

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

**E. Inventory**

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

**F. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 1999, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**G. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses, and amounts required to be set-aside by the School District for the purchase of textbooks, for the acquisition or construction of capital assets and to create a reserve for budget stabilization. See Note 15 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

**H. Fixed Assets and Depreciation**

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

**JUNE 30, 1999**

(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. Intergovernmental Revenues**

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

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

*Entitlements*

*General Fund*

State Foundation Program  
State Property Tax Relief  
School Bus Purchase Program

*Special Revenue Funds*

Textbook Subsidy

*Non-Reimbursable Grants*

*Special Revenue Funds*

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

*Non-Reimbursable Grants (continued)*

*Capital Projects Funds*

SchoolNet  
SchoolNet Plus  
Technology Equity  
SchoolNet Power-Up

*Reimbursable Grants*

*General Fund*

Driver Education

*Capital Projects Funds*

Emergency Building Repair

*Enterprise Funds*

National School Lunch Program  
Government Donated Commodities

Grants and entitlements amounted to approximately fifty-nine percent of the School District's governmental operating revenue during the 1999 fiscal year.



**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**J. Interfund Assets/Liabilities**

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

**K. Compensated Absences**

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

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

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

**L. Accrued Liabilities and Long-Term Obligations**

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

Long-term debt and other obligations financed by enterprise funds are reported as liabilities in the appropriate enterprise funds.

**M. Interfund Transactions**

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**N. Fund Balance Reserves and Designations**

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

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

**O. Use of Estimates**

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

**P. Total Columns on General Purpose Financial Statements**

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

**NOTE 3 - ACCOUNTABILITY**

At June 30, 1999, the Title I special revenue funds had deficit fund balance of \$11,237. The deficit resulted from the application of generally accepted accounting principles. The general fund is liable for any deficit in this fund and provides operating transfers when cash is required, not when accruals occur.

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

**JUNE 30, 1999**

(Continued)

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING** (Continued)

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

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

Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses Governmental Fund Types and Expendable Trust Funds				
	General	Special Revenue	Capital Projects	Expendable Trust
GAAP Basis	\$132,323	\$367,776	\$297,809	\$19,216
Adjustments:				
Revenue Accruals	(23,380)	12,942	(13,775)	0
Expenditure Accruals	81,636	(144)	2,692	(9,100)
Prepaid Items	49,775	0	0	0
Advances				
In	26,131	11,046	0	0
Out	(11,046)	(26,631)	0	0
Encumbrances Outstanding				
At Year End (Budget Basis)	(161,371)	(31,367)	(385,450)	0
Budget Basis	<u>\$94,068</u>	<u>\$333,622</u>	<u>(\$98,724)</u>	<u>\$10,116</u>

Net Income (Loss)/Excess of Revenues Over Expenses Proprietary Fund Type and Nonexpendable Trust Fund		
	Enterprise	Nonexpendable Trust
GAAP Basis	(\$26,657)	\$26,667
Adjustments:		
Revenue Accruals	(2,462)	9,100
Expense Accruals	28,013	0
Fixed Assets Additions	(31,520)	0
Prepaid Items	1,787	0
Changes in Inventory	(4,716)	0
Depreciation	3,434	0
Loss on Disposal of Fixed Asset	129	0
Sale of Fixed Assets	2,421	0
Encumbrances Outstanding		
At Year End (Budget Basis)	(9,218)	0
Budget Basis	<u>(\$38,789)</u>	<u>\$35,767</u>

## NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1999

(Continued)

### NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any Federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All Federal agency securities shall be direct issuances of Federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAROhio).

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.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

**JUNE 30, 1999**

(Continued)

**NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)**

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

Cash on Hand: At fiscal year end, the School District had \$1,500 in undeposited cash on hand which is included on the Combined Balance Sheet of the School District as part of "Equity in Pooled Cash and Cash Equivalents."

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

Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$2,660,115 and the bank balance was \$2,786,387. Of the bank balance \$2,786,387 was covered by federal depository insurance and pledged securities held by agents of the financial institution in the School District's name.

Investments: The School District's investments are required to be categorized to give an indication of the level of risk assumed by the school district at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. At year end, the School District's investment in STAROhio, the only investment at fiscal year end, had a fair value of \$57,253. STAROhio, an investment pool operated by the Ohio State Treasurer, is unclassified since it is not evidenced by securities that exist in physical or book entry form.

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$2,718,868	\$0
Cash on Hand	(1,500)	
Investments:		
STAROhio	<u>(57,253)</u>	<u>57,253</u>
GASB Statement 3	<u>\$2,660,115</u>	<u>\$57,253</u>

**NOTE 6 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at eighty-eight percent of true value (with certain exceptions) and on real property at thirty-five percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
(Continued)

**NOTE 6 - PROPERTY TAXES** (Continued)

Tangible personal property assessments are twenty-five percent of true value. The assessed values upon which the fiscal year 1999 taxes were collected are:

	1998 Second Half Collections		1999 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential And Other Real Estate	\$75,204,270	80.37%	\$78,105,610	80.69%
Public Utility	4,844,520	5.18%	4,839,120	5.00%
Tangible Personal Property	<u>13,519,600</u>	<u>14.45%</u>	<u>13,850,640</u>	<u>14.31%</u>
Total Assessed Value	<u>\$93,568,390</u>	<u>100.00%</u>	<u>\$96,795,370</u>	<u>100.00%</u>
Tax rate per \$1,000 of Assessed valuation	\$46.45		\$46.45	

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, 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. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Mercer County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 1999 are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. There were no advances available at June 30, 1999 or June 30, 1998.

**NOTE 7 – INCOME TAX**

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

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 1999, consisted of property taxes, accounts (rent and billings for user charged services), interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
(Continued)

**NOTE 8 - RECEIVABLES** (Continued)

A summary of the principal items of intergovernmental receivables follows:

	Amounts
General Fund	
Transportation Reimbursement	\$28,706
Drivers Education Reimbursement	1,000
Vocational Education Reimbursement	2,031
Tuition	8,144
BWC	389
Total General Fund	40,270
Special Revenue Fund	
E-rate	4,348
Capital Projects Fund	
Emergency Building Repair	13,776
Enterprise Fund	
Food Service	8,713
Total Intergovernmental Receivables	\$67,107

**NOTE 9 - FIXED ASSETS**

A summary of the enterprise funds' fixed assets at June 30, 1999, follows:

Furniture and Equipment	\$154,507
Less Accumulated Depreciation	(44,087)
Net Fixed Assets	\$110,420

A summary of the changes in general fixed assets during fiscal year 1999 follows:

Asset Category	Balance at 6/30/98	Additions	Deletions	Balance at 6/30/99
Land and Improvements	\$127,078	\$0	\$0	\$127,078
Leasehold Improvements	145,943	7,860	0	153,803
Buildings and Improvements	8,380,820	385,855	0	8,766,675
Furniture, Fixtures and Equipment	3,149,732	220,091	89,898	3,279,925
Vehicles	471,922	68,071	11,840	528,153
Construction in Progress	246,871	0	246,871	0
Totals	\$12,522,366	\$681,877	\$348,609	\$12,855,634

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

**JUNE 30, 1999**

(Continued)

**NOTE 10 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 1999, the School District contracted with Preferred Insurance for property and fleet insurance, and inland marine coverage, and Nationwide Insurance for liability insurance. Coverages provided by Preferred and Nationwide Insurance are as follows:

Building and Contents, Boiler and Machinery replacement cost (\$500 deductible)	\$22,986,300
Musical Instruments (\$250 deductible)	180,000
Automobile Liability	1,000,000
Uninsured Motorists Bodily Injury Per Accident	1,000,000
Medical Payments Per Person	5,000
General Liability	
Per occurrence	1,000,000
Total per year	3,000,000
Umbrella Policy	
Per occurrence and Aggregate	3,000,000

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

The School District participates in the Northwest Ohio Area Computer Services Workers' Compensation Group Rating Program (the Plan), an insurance purchasing pool (Note 19). The Plan is intended to reduce premiums for the participants. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

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

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

**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.



**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
(Continued)

**NOTE 11 - DEFINED BENEFIT PENSION PLANS** (Continued)

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll period. For fiscal year 1999, 7.7 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 1998, 9.02 percent was the portion to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The School District's contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$57,661, \$73,450, and \$72,829 respectively, 47.3 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$30,399 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the general long-term obligations account group.

**B. State Teachers Retirement System**

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

For the fiscal year ended June 30, 1999, plan members are required to contribute 9.3 percent of their annual covered salary. The School District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligation. For fiscal year 1998, the portion to fund pension obligations was 10.5 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's contribution for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$263,232, \$422,100, and \$448,605, respectively; 83.8 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$42,629 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds.

**C. Social Security System**

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

**NOTE 12 - POSTEMPLOYMENT BENEFITS**

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year ended June 30, 1999, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, an increase from 3.5 percent for fiscal year 1998. For the School District, this amount equaled \$350,976 during the 1999 fiscal year.

## NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1999

(Continued)

### NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2,156 million at June 30, 1998. For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000 and STRS had 91,999 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, disability, and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For this fiscal year ended June 30, 1999, employer contributions to fund health care benefits were 6.30 percent of covered payroll; an increase from 4.98 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay has been established at \$12,400. For the School District, the amount to fund health care benefits, including the surcharge, equaled \$78,922 during the 1999 fiscal year.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 125 percent of annual health care expenses. Expense for health care at June 30, 1998, was \$111,900,575 and the target level was \$139.9 million. At June 30, 1998, SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

### NOTE 13 - EMPLOYEE BENEFITS

#### A. Compensated Absences

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
(Continued)

**NOTE 13 - EMPLOYEE BENEFITS** (Continued)

**B. Health, Dental, Vision and Life Insurance**

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

The School District provides life insurance benefits of \$15,000 per employee (\$40,000 for administrators), whose benefits reduced to 42 percent, 28 percent, 19 percent and 13 percent at ages 70, 75, 80, and 85, respectively, through CoreSource. The premium is a set fee per employee, which is reduced as above.

**NOTE 14 - LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 1999 were as follows:

	Principal Outstanding 6/30/98	Additions	Deductions	Principal Outstanding 6/30/99
General Long-Term Obligations:				
Energy Conservation Notes 4.75 - 5%	\$118,342	\$0	\$39,372	\$78,970
Asbestos Removal Loan 0%	140,702	0	16,553	124,149
1990 School Renovation Bonds 6.875%	700,000	0	20,000	680,000
1993 Refinance Addition Bonds 2.6-5.35%	3,374,985	0	315,000	3,059,985
Intergovernmental Payable	43,293	53,547	43,293	53,547
Compensated Absences	1,046,361	38,017	29,130	1,055,248
<b>Total General Long-Term Obligations</b>	<b>\$5,423,683</b>	<b>\$91,564</b>	<b>\$463,348</b>	<b>\$5,051,899</b>

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

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
(Continued)

**NOTE 14 - LONG-TERM OBLIGATIONS** (Continued)

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

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

The School District's overall legal debt margin was \$4,971,637 with an unvoted debt margin of \$96,795 at June 30, 1999.

Principal and interest requirements to retire the long-term obligations at June 30, 1999 are as follows:

Fiscal Year Ending <u>June 30</u>	<u>Amount</u>
2000	\$551,138
2001	519,820
2002	518,673
2003	521,191
2004	507,318
2005 - 2009	2,503,255
2010 - 2015	<u>2,104,313</u>
Total	<u><u>\$7,225,708</u></u>

**NOTE 15 - SET-ASIDE CALCULATIONS AND FUND RESERVES**

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

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

	<u>Textbook</u>	<u>Capital</u>	<u>Budget</u>	<u>Total</u>
Balance as of June 30, 1998	\$0	\$0	\$28,065	\$28,065
Revenue Required to be Set-aside	131,331	131,331	65,666	328,328
Workers' Compensation Refund	0	0	934	934
Qualifying Expenditures (Paid in Cash)	(83,109)	(123,659)	0	(206,768)
Offset for Current Year	(23,300)	0	0	(23,300)
Balance as of June 30, 1999	<u>\$24,922</u>	<u>\$7,672</u>	<u>\$94,665</u>	127,259
Intergovernmental Receivable -June 30, 1999				(389)
Amount restricted for bus purchases				36,893
Total Restricted Cash and Cash Equivalents				<u><u>\$163,763</u></u>

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
(Continued)

**NOTE 16 - INTERFUND ACTIVITY**

As of June 30, 1999, receivables and payables that resulted from various interfund transactions were as follows:

	<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>
General Fund	\$5,500	\$0
Special Revenue Fund		
Title I	0	5,000
Agency Fund		
Student Activities	0	500
Total	\$5,500	\$5,500

**NOTE 17 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The School District maintains five enterprise funds to account for the operations of food service, uniform school supplies, adult education, horticulture, and adult recreation. The table below reflects the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal year ended June 30, 1999.

	<u>Food</u>	<u>Uniform</u>	<u>Adult</u>	<u>Horticulture</u>	<u>Adult</u>	<u>Total</u>
	<u>Service</u>	<u>School</u>	<u>Education</u>	<u>Recreation</u>	<u>Recreation</u>	
	<u>Supplies</u>					
Operating Revenues	\$269,062	\$17,240	\$4,718	\$18,547	\$3	\$309,570
Depreciation Expense	3,434	0	0	0	0	3,434
Operating Income (Loss)	(133,434)	2,171	88	4,063	76	(127,036)
Donated Commodities	41,258	0	0	0	0	41,258
Operating Grants	58,433	0	0	0	0	58,433
Net Income (Loss)	(33,055)	2,171	88	4,063	76	(26,657)
Fixed Assets Additions	31,520	0	0	0	0	31,520
Net Working Capital	29,893	18,752	106	11,842	0	60,593
Total Assets	214,426	18,752	106	14,871	0	248,155
Total Equity	132,925	18,752	106	11,842	0	163,625
Encumbrances Outstanding at June 30, 1999 (Budget Basis)	2,778	2,240	0	4,200	0	9,218

**NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS**

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

**JUNE 30, 1999**

(Continued)

**NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS (Continued)**

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

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

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

**NOTE 19 - INSURANCE POOL**

*Northwest Ohio Area Computer Service Cooperative Workers' Compensation Group Rating Program* - The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Northwest Ohio Area Computer Service Cooperative Workers' Compensation Group Rating Program (the Program) was established through the Northwest Ohio Area Computer Service Cooperative as a group purchasing pool. The Program's business and affairs are conducted by a twenty-five member Board of Directors consisting of two representatives from each county elected by a majority vote of all charter member schools within each county plus one representative from the fiscal agency A-site. The Treasurer of Findlay City Schools serves as coordinator of the Program. Each year, the participating school districts pay an enrollment fee to the Program to cover the costs of administering the Program.

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

**NOTE 20 - CONTRACTUAL COMMITMENTS**

As of June 30, 1999 the School District had contractual purchase commitments as follows:

<u>Company</u>	<u>Project</u>	<u>Amount Remaining On Contract</u>
Cardinal Bussing	School Bus	\$56,109
C. & J. Electrical	Electrical wiring	152,103

## NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1999

(Continued)

### NOTE 21 - SCHOOL FUNDING

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 1999, the School District received \$4,768,348 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the thorough and efficient clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. At this time, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

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

### NOTE 22 – YEAR 2000 COMPLIANCE

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations as early as fiscal year 1999.

The District has completed an inventory of computer systems and other electronic equipment that may be affected by the year 2000 issue and that are necessary to conducting District operations and has identified such systems as being financial reporting, payroll and employee benefits, and educational statistics reporting through the State's Education Management and Information System (EMIS) and the HVAC system.

The District uses the State of Ohio Uniform School Accounting System software for its financial reporting, and the State of Ohio Uniform Staff Payroll system software for its payroll and employees benefits. The State is responsible for remediating these systems.

The Mercer County Auditor's Office distributes a substantial sum of money to the School District in the form of tax settlements. The Mercer County Auditor's Office is responsible for remediating this system.

The State of Ohio distributes a substantial sum of money to the School District in the form of "Foundation" and federal and state grant payments. Further, the State processes a significant amount of financial and non-financial information about the School District through the State's Education Management and Information System (EMIS). The State is responsible for remediating these systems.

Siemens Buildings Technologies, Inc. indicates the systems firmware and the Insight workstation Software had been updated to Y2K compliant for the HVAC systems.

The School District's Technology Coordinator ran the computer system located in the treasurer's office through a Y2K test on January 6, 1999. The system encountered no problems as it was run in a simulated January 2000 activity.

Because of the unprecedented nature of the Year 2000 issue, its effects and the successes of related remediation efforts will not be fully determinable until the Year 2000 and thereafter. Management cannot assure that the District is or will be Year 2000 ready, that the District's remediation efforts will be successful in whole or in part, or that parties with whom the District does business will be Year 2000 ready.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

**JUNE 30, 1999**

(Continued)

**NOTE 23 - CONTINGENCIES**

**Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 1999.





STATE OF OHIO  
OFFICE OF THE AUDITOR

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

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

To the Board of Education:

We have audited the financial statements of Coldwater Exempted Village School District, Mercer County, (the District) as of and for the year ended June 30, 1999, and have issued our report thereon dated December 2, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 2, 1999.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 2, 1999.

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

**JIM PETRO**  
Auditor of State

December 2, 1999

**SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 1999**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
1998-10254-001	Food Service - Documentation of Ala Carte Revenues	Yes	





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**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT**

**MERCER COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 11, 2000**