



OHIO AUDITOR OF STATE
KEITH FABER



**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY
JUNE 30, 2022**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the modified cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Coldwater Exempted Village School District, Mercer County, Ohio (the School District), as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective modified cash-basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Coldwater Exempted Village School District, as of June 30, 2022, and the respective changes in modified cash-basis financial position and the budgetary comparison for the General Fund for the fiscal year then ended in accordance with the modified cash-basis of accounting described in Note 2.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Accounting Basis

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

Emphasis of Matter

As discussed in Note 15 to the financial statements, the financial impact of COVID-19 and the continuing recovery measures may impact subsequent periods of the School District. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 2, and for determining that the modified cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted to opine on the financial statements as a whole that collectively comprise the School District's basic financial statements.

The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the financial statements.

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

Other Information

We applied no procedures to management's discussion and analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2023, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

February 28, 2023

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Coldwater Exempted Village School District
Mercer County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

The discussion and analysis of the Coldwater Exempted Village School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2022 are as follows:

- ❑ In total, net position increased \$1,362,779 from fiscal year 2021.
- ❑ Outstanding debt increased from \$4,385,000 to \$6,360,000.

Using this Annual Report

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

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole School District. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. For fiscal year 2022, the General Fund, Debt Service Fund and the Permanent Improvement Fund are the School District's most significant funds.

Basis of Accounting

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

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

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

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022*

*Unaudited
(Continued)*

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2022?" The statement of net position and the statement of activities answer this question.

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds include the General Fund, Permanent Improvement and the Debt Service Fund.

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

Reporting the School District's Fiduciary Responsibilities

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

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

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited
(Continued)*

The School District as a Whole

Table 1 provides a summary of the School District's net position for fiscal year 2022 compared to 2021.

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

	Governmental Activities		
	2022	2021	Change
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 8,556,305	\$ 7,193,526	\$ 1,362,779
Cash and Cash Equivalents in Segregated Accounts	11,471	11,471	-
Investments in Segregated Accounts	25,642	25,642	-
<i>Total Assets</i>	<u>\$ 8,593,418</u>	<u>\$ 7,230,639</u>	<u>\$ 1,362,779</u>
Net Position			
Restricted for:			
Debt Service	1,068,073	1,055,758	12,315
Capital Outlay	895,930	3,384	892,546
Classroom Facilities Maintenance	234,435	932,455	(698,020)
Set Asides	30,977	30,977	-
Other Purposes	1,272,373	353,707	918,666
Unrestricted	<u>5,091,630</u>	<u>4,854,358</u>	<u>237,272</u>
<i>Total Net Position</i>	<u>\$ 8,593,418</u>	<u>\$ 7,230,639</u>	<u>\$ 1,362,779</u>

Net position of the governmental activities increased from fiscal year 2021. The factors resulting in the increase in net position are discussed in detail following Table 2.

A portion of the School District's net position represents resources subject to external restrictions on how they may be used. The remaining balance of the government-wide unrestricted net position may be used to meet the School District's ongoing obligations.

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

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022*

*Unaudited
(Continued)*

Table 2 shows the changes in net position for fiscal year 2022 as compared to fiscal year 2021.

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

	Governmental Activities		
	2022	2021	Change
Receipts			
Program Receipts			
Charges for Services and Sales	\$ 1,070,987	\$ 2,063,739	\$ (992,752)
Operating Grants, Contributions and Interest	2,750,446	1,746,478	1,003,968
Total Program Receipts	3,821,433	3,810,217	11,216
General Receipts			
Property Taxes	5,046,752	4,662,650	384,102
Income Taxes	1,164,456	1,043,510	120,946
Grants and Entitlements not Restricted to Specific Programs	8,071,741	6,915,926	1,155,815
Proceeds from Sale of Assets	30	135	(105)
Proceeds of Tax Anticipation Notes	2,350,000	-	2,350,000
Investment Earnings	20,677	31,944	(11,267)
Miscellaneous	116,980	277,753	(160,773)
Total General Receipts	16,770,636	12,931,918	3,838,718
Total Receipts	20,592,069	16,742,135	3,849,934
Program Disbursements			
Instruction:			
Regular	9,049,494	8,565,602	483,892
Special	2,309,136	2,250,901	58,235
Vocational	278,911	297,561	(18,650)
Other	6,685	46,377	(39,692)
Support Services:			
Pupils	519,117	550,427	(31,310)
Instructional Staff	238,876	282,006	(43,130)
Board of Education	12,525	13,608	(1,083)
Administration	1,057,285	1,081,397	(24,112)
Fiscal	408,658	367,298	41,360
Operation and Maintenance of Plant	2,902,854	1,248,060	1,654,794
Pupil Transportation	379,034	423,359	(44,325)
Central	33,778	33,330	448
Operation of Non-Instructional Services:			
Food Service Operations	646,687	588,514	58,173
Extracurricular Activities	817,424	723,174	94,250
Debt Service:			
Principal Retirement	375,000	395,000	(20,000)
Interest and Fiscal Charges	193,826	143,897	49,929
Total Program Disbursements	19,229,290	17,010,511	2,218,779
Change in Net Position	1,362,779	(268,376)	1,631,155
Net Position Beginning of Year	7,230,639	7,499,015	(268,376)
Net Position End of Year	\$ 8,593,418	\$ 7,230,639	\$ 1,362,779

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

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited
(Continued)*

Several receipt sources fund the School District's governmental activities with unrestricted grants and entitlements being the largest contributor. General receipts from property and income taxes are also a large generator.

For fiscal year 2022, School District foundation funding received from the state of Ohio was funded using a direct funding model. Under this new model, community school, STEM school, scholarship, and open enrollment funding was directly funded by the State of Ohio to the respective schools. In prior years, the amounts related to students who were residents of the School District were funded to the School District who, in turn, made the payment to the educating school. This change in foundation funding resulted in decreased charges for services and a correlating increase in grants and entitlements, as well as a decrease in regular instruction expense. Operating grants increased primarily due to allocation of funding related to the COVID-19 pandemic. Property taxes increased due to the new Permanent Improvement Levy that began collections in calendar year 2022. Proceeds of Tax Anticipation Notes increased due to the passing of the Permanent Improvement Levy and the issuance of the Tax Anticipation Note. Miscellaneous revenue had a significant decrease due to the prior year refunded Bureau of Workers Compensation premiums. Operation and maintenance of plant primarily increased due to the district wide permanent improvement roof project.

The School District's Funds

The School District's governmental funds are accounted for using the modified cash basis of accounting. The following table provides a summary of the School District's fund balances for fiscal year 2022 compared to 2021.

	Fund Balance 6/30/2022	Fund Balance 6/30/2021	Increase (Decrease)
General	\$ 5,175,144	\$ 4,886,711	\$ 288,433
Debt Service	1,068,073	1,055,758	12,315
Permanent Improvement	895,930	3,384	892,546
Other Governmental	1,454,271	1,284,786	169,485
Total	\$ 8,593,418	\$ 7,230,639	\$ 1,362,779

The General Fund's fund balance increased in fiscal year 2022. This increase can be attributed to revenues exceeding expenses.

The Permanent Improvement Fund balance increased in fiscal year 2022 which is due to the Tax Anticipation Note proceeds.

The Debt Service Fund balance increased in fiscal year 2022 which is due to timing difference between property tax collections and debt payments.

Coldwater Exempted Village School District
Mercer County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited
(Continued)

General Fund Budgeting Highlights

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

Original Budget Compared to Final Budget During the course of fiscal year 2022, the most significant variance in receipts was an increase to intergovernmental and a decrease to tuition and fees. There were no significant variances in original budgeted appropriations and final budgeted appropriations and other financing uses.

Final Budget compared to Actual Results For fiscal year 2022, there were no significant variance in receipts. There were significant variances in instruction regular, instruction special, and operation and maintenance of plant due to over estimation. There were no significant variances to discuss within other financing sources and uses.

Debt Administration

The School District had an increase in debt due to the issuance of the Tax Anticipation Note (TAN). For further information regarding the School District's debt, refer to Note 7 of the basic financial statements.

Current Issues

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

The School District has not received in several years any meaningful growth in State receipts, and State funding was cut in fiscal year 2020 and fiscal year 2021 due to the COVID-19 pandemic budget cuts. Each biennial budget brings with it a new set of concerns, as public K-12 is impacted by the State's budget adoption. The new state funding formula has been passed for fiscal year 22 and fiscal year 23, unfortunately we won't see much of an increase in state funding from this new formula. We will remain to be flat funded from the state for at least the next two years.

Fortunately, the School District continues to receive strong support from the residents of the School District. As the preceding information shows, the School District relies heavily on its local property taxpayers. The community renewed a 10 year \$550,000 emergency operating levy in March 2016. A 2.5 Mill Continuous Permanent Improvement Levy was passed in November 2021 to supply the district with funds for the general permanent improvements of the district.

Real estate and personal property tax collections have shown increases on average. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a levy will not increase solely as a result of inflation due to Ohio House Bill 920 (passed in 1976). As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35 annually in taxes.

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

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited
(Continued)*

If three years later, the home was reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35. Thus, School District's dependence upon property taxes is hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service.

In summary, the School District's receipts have been increasing at a much slower pace in comparison to disbursements. Therefore, administration has diligently planned expenses so that every attempt is made not to seek additional operating levies. This has been made increasingly difficult with unfunded mandates to provide required special education services as well as significant increases in health insurance, utility costs and other goods and services.

There are major events occurring worldwide that affect our local School District operations: federal spending being redirected (due to security issues and other defense needs), changes in law affecting agriculture (since Mercer County is the top agricultural county in the state), and other uncertainties at the federal and global levels. The economic impact from any or all of these would cause a reduction or loss of state and/or federal subsidies. Businesses such as Valco, Kenn-Feld Group, Lefeld Welding, Helena Chemical, Mercer Landmark, and other county agricultural groups would certainly feel the fallout from decisions affecting agriculture, which in turn would affect local employment. In addition, the high cost of fuel has directly affected not only transportation cost but also other purchases. Vendors recouping their own manufacturing and transportation costs increases the price of merchandise sold to schools. In summary, management must be mindful of what is happening in the economy and the impact it may have on the price of goods and services needed.

Management is utilizing the curriculum and academic programs to drive the budgetary process. This requires additional time by staff and building administrators to be spent on evaluating wants and needs while reviewing expenses then consideration of reallocation of appropriation to the desired programs. This is a commitment that must be made by all staff, but is beneficial to the entire School District.

Contacting the School District's Financial Management

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

Coldwater Exempted Village School District
Mercer County, Ohio
Statement of Net Position - Modified Cash Basis
June 30, 2022

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 8,556,305
Cash and Cash Equivalents in Segregated Accounts	11,471
Investments	25,642
<i>Total Assets</i>	\$ 8,593,418
Net Position	
Restricted for:	
Debt Service	\$ 1,068,073
Capital Outlay	895,930
Classroom Facilities Maintenance	234,435
Set Asides	30,977
Other Purposes	1,272,373
Unrestricted	5,091,630
<i>Total Net Position</i>	\$ 8,593,418

See accompanying notes to the basic financial statements

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

*Statement of Activities - Modified Cash Basis
For the Fiscal Year Ended June 30, 2022*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$ 9,049,494	\$ 182,315	\$ 723,366	\$ (8,143,813)
Special	2,309,136	278,917	884,500	(1,145,719)
Vocational	278,911	-	103,531	(175,380)
Other	6,685	-	5,256	(1,429)
Support Services:				
Pupils	519,117	-	-	(519,117)
Instructional Staff	238,876	-	5,400	(233,476)
Board of Education	12,525	-	-	(12,525)
Administration	1,057,285	-	4,703	(1,052,582)
Fiscal	408,658	-	0	(408,658)
Operation and Maintenance of Plant	2,902,854	3,442	56,109	(2,843,303)
Pupil Transportation	379,034	-	-	(379,034)
Central	33,778	-	-	(33,778)
Operation of Non-Instructional Services:				
Food Service Operations	646,687	113,749	890,698	357,760
Extracurricular Activities	817,424	492,564	76,883	(247,977)
Debt Service:				
Principal Retirement	375,000	-	-	(375,000)
Interest and Fiscal Charges	193,826	-	-	(193,826)
Totals	\$ 19,229,290	\$ 1,070,987	\$ 2,750,446	(15,407,857)

General Receipts

Property Taxes Levied for:

General Purposes	4,239,243
Debt Service	460,161
Capital Outlay	291,189
Building Maintenance	56,159

Income Taxes Levied for:

General Purposes	1,164,456
Grants and Entitlements not Restricted to Specific Programs	8,071,741
Proceeds from Sale of Assets	30
Proceeds of Tax Anticipation Notes	2,350,000
Investment Earnings	20,677
Miscellaneous	116,980

Total General Receipts 16,770,636

Change in Net Position 1,362,779

Net Position Beginning of Year 7,230,639

Net Position End of Year \$ 8,593,418

See accompanying notes to the basic financial statements

Coldwater Exempted Village School District
Mercer County, Ohio
Statement of Assets and Fund Balances - Modified Cash Basis
Governmental Funds
June 30, 2022

	General Fund	Debt Service Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 5,175,144	\$ 1,068,073	\$ 895,930	\$ 1,417,158	\$ 8,556,305
Cash and Cash Equivalents in Segregated Accounts	-	-	-	11,471	11,471
Investments	-	-	-	25,642	25,642
<i>Total Assets</i>	<u>\$ 5,175,144</u>	<u>\$ 1,068,073</u>	<u>\$ 895,930</u>	<u>\$ 1,454,271</u>	<u>\$ 8,593,418</u>
Fund Balances					
Nonspendable	\$ 1,381	\$ -	-	\$ -	\$ 1,381
Restricted	30,977	1,068,073	895,930	1,505,427	3,500,407
Committed	70,729	-	-	-	70,729
Assigned	1,473,288	-	-	-	1,473,288
Unassigned	3,598,769	-	-	(51,156)	3,547,613
<i>Total Fund Balances</i>	<u>\$ 5,175,144</u>	<u>\$ 1,068,073</u>	<u>\$ 895,930</u>	<u>\$ 1,454,271</u>	<u>\$ 8,593,418</u>

See accompanying notes to the basic financial statements

Coldwater Exempted Village School District
Mercer County, Ohio
Statement of Receipts, Disbursements and Changes
in Fund Balances - Modified Cash Basis - Governmental Funds
For the Fiscal Year Ended June 30, 2022

	General Fund	Debt Service Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$ 4,239,243	\$ 460,161	\$ 291,189	\$ 56,159	\$ 5,046,752
Income Taxes	1,164,456	-	-	-	1,164,456
Intergovernmental	8,538,373	85,236	3,089	2,111,189	10,737,887
Investment Income	20,677	-	-	3,051	23,728
Tuition and Fees	458,019	-	-	-	458,019
Rent	2,376	-	-	-	2,376
Extracurricular Activities	96,410	-	-	395,824	492,234
Gifts and Donations	17,742	-	-	63,507	81,249
Customer Sales and Services	1,167	-	-	117,191	118,358
Miscellaneous	69,359	-	-	47,621	116,980
<i>Total Receipts</i>	<u>14,607,822</u>	<u>545,397</u>	<u>294,278</u>	<u>2,794,542</u>	<u>18,242,039</u>
Disbursements					
Current:					
Instruction:					
Regular	8,226,123	-	-	823,371	9,049,494
Special	1,943,893	-	-	365,243	2,309,136
Vocational	275,802	-	-	3,109	278,911
Other	-	-	-	6,685	6,685
Support Services:					
Pupils	409,567	-	-	109,550	519,117
Instructional Staff	222,676	-	-	16,200	238,876
Board of Education	12,525	-	-	-	12,525
Administration	1,053,847	-	-	3,438	1,057,285
Fiscal	391,298	10,807	5,306	1,247	408,658
Operation and Maintenance of Plant	948,370	-	1,699,875	254,609	2,902,854
Pupil Transportation	379,034	-	-	-	379,034
Central	33,778	-	-	-	33,778
Operation of Non-Instructional Services:					
Food Service Operations	15,857	-	-	630,830	646,687
Extracurricular Activities	406,649	-	-	410,775	817,424
Debt Service:					
Principal Retirement	-	375,000	-	-	375,000
Interest and Fiscal Charges	-	147,275	46,551	-	193,826
<i>Total Disbursements</i>	<u>14,319,419</u>	<u>533,082</u>	<u>1,751,732</u>	<u>2,625,057</u>	<u>19,229,290</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>288,403</u>	<u>12,315</u>	<u>(1,457,454)</u>	<u>169,485</u>	<u>(987,251)</u>
Other Financing Sources (Uses)					
Proceeds from Sale of Assets	30	-	-	-	30
Proceeds of Tax Anticipation Notes	-	-	2,350,000	-	2,350,000
<i>Total Other Financing Sources (Uses)</i>	<u>30</u>	<u>-</u>	<u>2,350,000</u>	<u>-</u>	<u>2,350,030</u>
<i>Net Change in Fund Balances</i>	288,433	12,315	892,546	169,485	1,362,779
<i>Fund Balances Beginning of Year</i>	4,886,711	1,055,758	3,384	1,284,786	7,230,639
<i>Fund Balances End of Year</i>	<u>\$ 5,175,144</u>	<u>\$ 1,068,073</u>	<u>\$ 895,930</u>	<u>\$ 1,454,271</u>	<u>\$ 8,593,418</u>

See accompanying notes to the basic financial statements

Coldwater Exempted Village School District
Mercer County, Ohio
Statement of Receipts, Disbursements and Changes in Cash Basis
Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Receipts				
Property and Other Local Taxes	\$ 4,135,510	\$ 4,135,510	\$ 4,239,243	\$ 103,733
Income Tax	1,053,945	1,053,945	1,164,456	110,511
Intergovernmental	7,065,881	8,820,007	8,538,373	(281,634)
Interest	20,000	20,000	20,677	677
Tuition and Fees	1,479,080	375,400	457,689	82,289
Rent	2,000	2,000	2,376	376
Gifts and Donations	-	-	7,200	7,200
Customer Sales and Services	1,000	1,000	1,167	167
Miscellaneous	20,000	20,000	5,004	(14,996)
<i>Total Receipts</i>	<u>13,777,416</u>	<u>14,427,862</u>	<u>14,436,185</u>	<u>8,323</u>
Disbursements				
Current:				
Instruction:				
Regular	8,778,680	8,806,718	8,143,419	663,299
Special	2,191,669	2,193,612	1,947,440	246,172
Vocational	332,465	347,270	278,220	69,050
Support Services:				
Pupils	606,594	595,470	411,576	183,894
Instructional Staff	334,440	333,801	229,233	104,568
Board of Education	16,091	16,091	12,525	3,566
Administration	1,133,272	1,207,881	1,061,053	146,828
Fiscal	443,002	435,403	396,751	38,652
Operation and Maintenance of Plant	1,176,962	1,169,011	963,602	205,409
Pupil Transportation	381,548	410,174	382,688	27,486
Central	34,742	34,742	33,778	964
Extracurricular Activities	369,947	375,739	348,163	27,576
Capital Outlay	15,750	15,750	750	15,000
<i>Total Disbursements</i>	<u>15,815,162</u>	<u>15,941,662</u>	<u>14,209,198</u>	<u>1,732,464</u>
<i>Excess of Revenues Over (Under) Disbursements</i>	<u>(2,037,746)</u>	<u>(1,513,800)</u>	<u>226,987</u>	<u>1,740,787</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Assets	-	-	30	30
Refund of Prior Year Expenditures	-	-	3,045	3,045
Transfers Out	(40,000)	(90,000)	(90,000)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(40,000)</u>	<u>(90,000)</u>	<u>(86,925)</u>	<u>3,075</u>
<i>Net Change in Fund Balance</i>	<u>(2,077,746)</u>	<u>(1,603,800)</u>	<u>140,062</u>	<u>1,743,862</u>
<i>Fund Balance Beginning of Year</i>	<u>4,615,414</u>	<u>4,615,414</u>	<u>4,615,414</u>	<u>-</u>
Prior Year Encumbrances Appropriated	<u>182,256</u>	<u>182,256</u>	<u>182,256</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 2,719,924</u>	<u>\$ 3,193,870</u>	<u>\$ 4,937,732</u>	<u>\$ 1,743,862</u>

See accompanying notes to the basic financial statements

Coldwater Exempted Village School District
Mercer County, Ohio
Statement of Fiduciary Net Position - Modified Cash Basis
Fiduciary Fund
June 30, 2022

	<u>Custodial</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 3,502</u>
Net Position	
Restricted for Individuals, Organizations and Other Governments	<u>\$ 3,502</u>

See accompanying notes to the basic financial statements

Coldwater Exempted Village School District
Mercer County, Ohio
Statement of Changes in Fiduciary Net Position - Modified Cash Basis
Fiduciary Fund
For the Fiscal Year Ended June 30, 2022

	Custodial
Additions	
Extracurricular Receipts Collected for Other Organizations	\$ 39,682
Deductions	
Extracurricular Distributions to Other Organizations	36,680
<i>Change in Net Position</i>	3,002
<i>Net Position Beginning of Year</i>	500
<i>Net Position End of Year</i>	\$ 3,502

Coldwater Exempted Village School District
Mercer County, Ohio

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2022

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization’s governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization’s resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. There are no component units of the School District.

JOINTLY GOVERNED ORGANIZATIONS

Northwest Ohio Area Computer Services Cooperative - The Northwest Ohio Area Computer Services Cooperative (NOACSC) is a jointly governed organization among fifty-four school districts. NOACSC, a Council of Governments was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. Each of the governments of these schools supports NOACSC based upon fee(s) charged dependent upon the software package utilized. The NOACSC Assembly consists of a representative from each participating school district and the superintendent from the fiscal agent. The Board of Directors consists of two Assembly members from each county in which participating school districts are located. The degree of control exercised by any participating school district is limited to its representation of the Board. Financial information can be obtained by contacting Ben Thaxton, who serves as Executive Director, at 4277 East Road, Elida, Ohio 45807.

Southwestern Ohio Educational Purchasing Council - The district participates in the Southwestern Ohio Educational Purchasing Council (SOEPC), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. SOEPC is an incorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. SOEPC’s business and affairs are conducted by a board consisting of seven school administrators, who are elected by the membership each year.

In addition, the cooperative hires attorneys, auditors, and actuaries to assist in running the day to day program. Gallagher is responsible for the insurance program administration. JWF Specialty Company is responsible for processing claims between SOEPC and its members. Financial information can be obtained from Mr. Ken Swink, Director, Southwestern Ohio Educational Purchasing Council, at 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

Coldwater Exempted Village School District
Mercer County, Ohio

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2022
(Continued)

GROUP PURCHASING POOLS

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

Mercer-Auglaize Benefit Trust (MABT) - The Mercer-Auglaize Benefit Trust, a consortium established to provide employee welfare benefits as described in Section 501(c)(9) of the Internal Revenue Code for the benefit of employees of the member public school districts of the Council. The consortium is a shared risk pool and was formed to carry out a cooperative program for the provisions and administration of health, prescription drug and dental benefits for member public school district employees in accordance with the MABT's constitution and bylaws. The MABT is governed by a group of trustees consisting of the superintendent of each member public school district or his/her designee. The MABT's membership consists of eleven local school districts and two educational service centers. Financial information can be obtained from the Mercer County Educational Service Center, 441 East Market Street, Celina, Ohio 45822.

Southwestern Ohio Educational Purchasing Council (EPC) Medical Benefits Plan – Effective January 1, 2019, the School District began participating in the Southwestern Ohio EPC Medical Benefits Plan (MBP). The MBP's business and affairs are conducted by an eleven member committee consisting of various EPC representatives that are elected by the general assembly. Either the superintendent or treasurer from each participating school district serves on the general assembly. Each fiscal year, the participating school districts pay an enrollment fee to the MBP to cover the costs of administering the program.

JOINT VENTURE

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

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

In fiscal year 2016, the joint venture issued \$16,999,987 in classroom facilities bonds to acquire classroom facilities. The bonds are a general obligation of the “qualifying partnership”. The bonds have an interest rate ranging from 2 percent to 4.2 percent and mature in fiscal year 2032. The bonds will be repaid from the resources of a property tax levied by the qualifying partnership and the qualifying partnership is obligated to pay all debt service on the bonds.

If the proceeds of the tax collection are less than anticipated in any particular year resulting in insufficient resources to pay the principal and interest requirements of the bonds, the school districts making up the partnership are obligated to make up the amount of any shortfall.

Coldwater Exempted Village School District
Mercer County, Ohio

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2022
(Continued)

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Accounting

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

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

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

B. Basis of Presentation - Fund Accounting

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The Statement of Net Position presents the financial condition of the governmental activities of the School District at year-end. The Statement of Activities presents a comparison between disbursements and program receipts for each program or function of the School District's governmental activities. Disbursements are those that are specifically associated with a service, program or department, and therefore, clearly identifiable to a particular function.

Coldwater Exempted Village School District
Mercer County, Ohio

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2022
(Continued)

Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Receipts, which are not classified as program receipts, are presented as general receipts of the School District with certain limited exceptions. The comparison of disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing or draws from the general resources of the School District. Governmental activities generally are financed through taxes, intergovernmental receipts, and other non-exchange receipts.

FUND FINANCIAL STATEMENTS

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

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

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

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

The funds of the financial reporting entity are described below.

Governmental Funds/Governmental Activities

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

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

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

Permanent Improvement Fund – This fund is used to account for all transactions related to the acquiring, constructing, or improving of such permanent improvements as are authorized by Chapter 5705, Revised Code.

Coldwater Exempted Village School District
Mercer County, Ohio

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2022
(Continued)

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

Fiduciary Fund Types

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into the following four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. Custodial Funds are used to report fiduciary activities that are not required to be reported in a trust fund.

The School District's fiduciary funds are custodial funds. The custodial fund is used to account for assets held by the School District as fiscal agent for OSHAA.

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

Tax Budget

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

Estimated Resources

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

Coldwater Exempted Village School District
Mercer County, Ohio

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2022
(Continued)

Appropriations

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

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

Encumbrances

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

Lapsing of Appropriations

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

D. Cash and Investments

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

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

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

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2022 were \$20,677, which includes \$6,565 assigned from other School District funds.

Coldwater Exempted Village School District
Mercer County, Ohio

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2022
(Continued)

E. Capital Assets

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

F. Accumulated Leave

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

G. Long-Term Obligations

The School District's modified cash basis financial statements do not report liabilities for bonds, leases and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a leased asset when entering into a lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

H. Intergovernmental Receipts

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

I. Inventory and Prepaid Items

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

J. Interfund Receivables/Payables

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

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

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

K. Employer Contributions to Cost-Sharing Pension Plans

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

Coldwater Exempted Village School District
Mercer County, Ohio

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2022
(Continued)

L. Equity Classifications

GOVERNMENT-WIDE STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

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

1. Non-spendable - The non-spendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The “not in spendable form” includes items that are not expected to be converted to cash.
2. Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or is imposed by law through constitutional provisions.
3. Committed - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. The committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
4. Assigned - Amounts in the assigned classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education. The Board of Education has by resolution authorized the Treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.

Coldwater Exempted Village School District
Mercer County, Ohio

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2022
(Continued)

5. Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

M. Pensions and Other Postemployment Benefits (OPEB)

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

N. Receipts and Disbursements

Program Receipts

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

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

Disbursements

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

O. Implementation of New Accounting Policies

For the fiscal year ended June 30, 2022, the School District has (to the extent it applies to the modified cash basis of accounting) implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, certain provisions of GASB Statement No. 93, *Replacement of Interbank Offered Rates* and certain provisions of GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.*

GASB Statement No. 87 requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. These changes were incorporated in the School District's financial statements; however, there was no effect on beginning net position/fund balance.

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Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2022
(Continued)

GASB Statement No. 93 addresses accounting and financial reporting effects that result from the replacement of interbank offered rates (IBORs) with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. The implementation of paragraphs 13 and 14 of GASB Statement No. 93 did not have an effect on the financial statements of the School District.

GASB Statement No. 97 requirements that are related to a) the accounting and financial reporting for Section 457 plans and 2) determining whether a primary government is financially accountable for a potential component unit were implemented for fiscal year 2022. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the School District.

NOTE 3 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the School District into three categories.

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

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

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

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

1. United States treasury notes, bills, bonds, or other obligations or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

Coldwater Exempted Village School District
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Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2022
(Continued)

4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days and two hundred and forty days, respectively, in an amount not to exceed 40 percent of the interim moneys available for investment at any one time;
8. Under certain circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies;

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Cash on Hand - At June 30, 2022 the School District had \$2,150 in undeposited cash on hand, which is included as part of "Equity in Pooled Cash and Cash Equivalents."

Deposits - At year-end, \$8,542,686 of the School District's bank balance of \$9,312,892 was exposed to custodial credit risk. Although the securities were held by the pledging financial institutions' trust department in the School District's name and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District will not be able to recover deposits or collateral securities that are in possession of an outside party.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by:

- Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
- Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS required the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Coldwater Exempted Village School District
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Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2022
(Continued)

Investments

Investments are reported at cost. As of June 30, 2022, the School District owned shares of Dominion stock that was donated at a value of \$25,642. The School District also invested in a negotiable certificate of deposit in the amount of \$250,005 that matures April 15, 2024.

Interest Rate Risk

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

Credit Risk

The School District's investment at June 30, 2022, Dominion Resources, Inc. is rated BBB+ by S&P Global Ratings. The School District's investment policy does not address credit risk.

Concentration of Credit Risk

The School District places no limit on the amount the district may invest in any one issuer, however State statute limits investments in commercial paper and bankers' acceptances to 40 percent of the interim monies available for investment at any one time. The Dominion stock is less than 1 percent of the School District's total portfolio.

NOTE 4 - PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2022 represents collections of calendar year 2021 taxes. Real property taxes received in calendar year 2022 were levied after April 1, 2021, on the assessed value listed as of January 1, 2021, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2022 represents collections of calendar year 2021 taxes. Public utility real and tangible personal property taxes received in calendar year 2022 became a lien December 31, 2020, were levied after April 1, 2021 and are collected in 2021 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Mercer County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2022, are available to finance fiscal year 2022 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**Coldwater Exempted Village School District
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*Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2022
(Continued)*

The assessed values upon which the fiscal year 2022 taxes were collected are:

	2021 Second Half Collections		2022 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$ 184,346,760	98%	\$ 186,056,830	98%
Public Utility Personal Property	4,391,610	2%	4,604,930	2%
Total	\$ 188,738,370	100%	\$ 190,661,760	100%
Full Tax Rate per \$1,000 of assessed valuation	\$ 51.18		\$ 53.58	

NOTE 5 – COMPLIANCE

Ohio Administrative Code Section 117-2-03(B) requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. For fiscal year 2022, the School District prepared its financial report on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This financial report omits assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equities and disclosures that, while material, cannot be determined at this time.

NOTE 6 - INCOME TAX

The School District levies a voted tax of 0.50 percent for general operations on the income of residents and of estates. The income tax was effective on January 1, 1990, and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax receipts are credited to the general fund.

NOTE 7 – DEBT OBLIGATIONS

Debt obligations of the School District at June 30, 2022 consisted of the following:

	Principal Outstanding 6/30/2021	Additions	Deductions	Principal Outstanding 6/30/2022	Due Within One Year
General Obligations Bonds					
2020 Refunding Bonds	\$ 4,385,000	\$ -	\$ 375,000	\$ 4,010,000	\$ 395,000
Direct Placement					
2022 Tax Anticipation Note (TAN)	-	2,350,000	-	2,350,000	220,000
Total	\$ 4,385,000	\$ 2,350,000	\$ 375,000	\$ 6,360,000	\$ 615,000

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Notes To The Basic Financial Statements
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(Continued)

2020 School Facilities Construction and Improvement Refunding Bonds: In May 2020, the School District issued \$4,780,000 in voted general obligation bonds for the purpose of refunding a portion of the 2012 Ohio School Facility Construction Project Bonds originally issued in the aggregate principal amount of \$6,774,996 for the purpose of school construction under the Classroom Facilities Assistance Plan. The refunding bond issue consists of serial bonds. The serial bonds have interest rates ranging from 1.5 to 4.0 percent. The serial bonds mature annually beginning December 1, 2020, and ending December 1, 2030.

The refunding bond issue provides resources to purchase U.S. Government securities that were placed in trust with an escrow agent, for the purpose of future debt service payments of \$4,780,000 of the 2012 bond issue. As a result, the refunded bonds are considered to be defeased and the School District no longer has liabilities associated with those bonds. The difference between the cash flows required to service the old debt and the cash flows required to service the new debt and complete refunding was \$318,810. The economic gain resulting from the refunding was \$288,320.

2022 Tax Anticipation Notes: In January 2022, the School District issued \$2,350,000 in tax anticipation notes in order to provide funds to finance a roof project on school facilities. These tax anticipation notes bear an interest of 1.75%. The notes will be paid using the proceeds of the permanent improvement tax levy. The notes mature on December 1, 2031. Payments are due semi-annually on June 1 and December 1 from the permanent improvement fund.

General obligation bonds are backed by full faith and credit of the School District.

The annual requirements to amortize all debt outstanding as of June 30, 2022 are as follows:

Fiscal Year Ending June 30,	2020 Refunding Bonds		2022 Tax Anticipation Note		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
	2023	395,000	135,725	220,000	39,200	615,000
2024	405,000	123,725	220,000	35,350	625,000	159,075
2025	415,000	109,350	225,000	31,456	640,000	140,806
2026	430,000	97,825	230,000	27,475	660,000	125,300
2027	440,000	85,800	230,000	23,450	670,000	109,250
2028-2032	1,925,000	158,100	1,225,000	54,469	3,150,000	212,569
	<u>\$ 4,010,000</u>	<u>\$ 710,525</u>	<u>\$ 2,350,000</u>	<u>\$ 211,400</u>	<u>\$ 6,360,000</u>	<u>\$ 921,925</u>

NOTE 8 - RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks related to torts, theft of, damage to, and destruction of assets, error and omissions, injuries to employees and natural disasters. During fiscal year 2022, the School District carried property and general liability insurance and boiler and machinery insurance.

There has been no significant reduction in insurance coverage from prior year, and no insurance settlement has exceeded insurance coverage during the past three years.

Coldwater Exempted Village School District
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Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2022
(Continued)

B. Health Care Benefits

The School District participates in the Mercer-Auglaize Benefit Trust (MABT), a consortium risk sharing pool consisting of eleven local school districts and two educational service centers. The School District pays monthly premiums to the Trust for employee medical and dental insurance coverage. 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.

Effective January 1, 2019, the MABT, began participating in the Southwestern Ohio Educational Purchasing Council (EPC) Medical Benefit Plan, an insurance purchasing pool established in 1983. The EPC Medical Benefit Plan is a self-funded plan, and governed by a Trust agreement and Board of Trustees elected by participating districts. The School District pays monthly premiums to the Trust for employee medical and dental insurance coverage. The Trust is responsible for the management and operations of the program.

C. Workers' Compensation

The School District participates in the Sheakley Worker's Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 1). The intent of the GRP is to achieve the benefit of a reduced premium GRP. The worker's compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the Cooperative based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria.

NOTE 9 - DEFINED BENEFIT PENSION PLANS

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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

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For The Fiscal Year Ended June 30, 2022
(Continued)*

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities (assets) within 30 years.

If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The net pension/net OPEB liability (asset) are not reported on the face of the financial statements, but rather are disclosed in the notes because of the use of the modified cash basis framework. The remainder of this note includes the required pension disclosures. See Note 10 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPIW, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for calendar years 2018, 2019, and 2020. SERS approved a 0.5 percent COLA for calendar year 2021.

Coldwater Exempted Village School District
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Notes To The Basic Financial Statements
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(Continued)

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2022, the allocation to pension, death benefits, and Medicare B was 14.0 percent. SERS did not allocate employer contributions to the Health Care Fund for fiscal year 2022.

The School District's contractually required contribution to SERS was \$207,013 for fiscal year 2022.

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective August 1, 2017 – July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2019 – July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Eligibility changes for actuarially reduced benefits will be phased in until August 1, 2026, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit plan unfunded liability. A member is eligible to receive a monthly retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined plan offers features of both the DB Plan and the DC Plan. In the Combined plan, 12 percent of the 14 percent member rate is deposited into the member's DC account and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 and after termination of employment.

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory employer rate is 14 percent and the statutory member rate is 14 percent of covered payroll. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The 2022 contribution rates were equal to the statutory maximum rates.

The School District’s contractually required contribution to STRS was \$1,098,845 for fiscal year 2022.

Pension Liabilities

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The School District’s proportion of the net pension liability was based on the employer’s share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability:			
Current Measurement Date	0.04317900%	0.06060777%	
Prior Measurement Date	0.04424730%	0.05984978%	
Change in Proportionate Share	<u>-0.00106830%</u>	<u>0.00075799%</u>	
Proportionate Share of the Net Pension Liability	\$ 1,593,180	\$ 7,749,248	\$ 9,342,428

Actuarial Assumptions - SERS

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

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Notes To The Basic Financial Statements
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Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2132.

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2021, are presented below:

Actuarial Cost Method	Entry Age Normal (Level Percentage of Payroll, Closed)
Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent, net of investment expense, including inflation
COLA or Ad Hoc COLA	2.00 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement

Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward two years and adjusted 81.35 percent for females. Mortality among disable members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward five years and adjusted 103.3 percent for males and set forward three years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The most recent experience study was completed for the five year period ended June 30, 2020.

The long-term return expectation for the investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.33) %
US Equity	24.75	5.72
Non-US Equity Developed	13.50	6.55
Non-US Equity Emerging	6.75	8.54
Fixed Income/Global Bonds	19.00	1.14
Private Equity	11.00	10.03
Real Estate/Real Assets	16.00	5.41
Multi-Asset Strategies	4.00	3.47
Private Debt/Private Credit	3.00	5.28
Total	100.00 %	

Discount Rate Total pension liability was calculated using the discount rate of 7.00 percent. The discount rate determination does not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 23-year amortization period of the unfunded actuarial accrued liability. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefits to determine the total pension liability. The annual money-weighted rate of return, calculated as the internal rate of return on pension plan investments was 28.18%.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the School District's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	\$ 2,650,660	\$ 1,593,180	\$ 701,361

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2021, actuarial valuation, are presented below:

Inflation	2.50 percent
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent
Cost-of-Living Adjustments	0.00 percent

Coldwater Exempted Village School District
Mercer County, Ohio

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2022
(Continued)

Post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Tables, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

The actuarial assumptions used in the June 30, 2021 valuation, were based on the results of the latest available actuarial experience study, which is for the period July 1, 2011, through June 30, 2016. An actuarial experience study is done on a quinquennial basis.

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return*
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00 %	

*Ten year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate. The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes that employer and member contributions will be made at statutory contribution rates of 14 percent each. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on investments of 7.00 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2021.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table represents the School District's proportionate share of the net pension liability as of June 30, 2021, calculated using the current period discount rate assumption of 7.00 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption:

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

*Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2022
(Continued)*

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's Proportionate Share of the Net Pension Liability	\$ 14,511,442	\$ 7,749,248	\$ 2,035,209

Assumption and Benefit Changes since the Prior Measurement Date The discount rate was adjusted to 7.00 percent from 7.45 percent for the June 30, 2021 valuation.

NOTE 10 - DEFINED BENEFIT OPEB PLANS

See Note 9 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents.

Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2022, SERS did not allocate any employer contributions to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2022, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2022, the School District's surcharge obligation was \$27,014.

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

*Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2022
(Continued)*

Plan Description - State Teachers Retirement System (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2022, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liability (Asset)

The net OPEB liability (asset) was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date.

The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.04461800%	0.06060800%	
Prior Measurement Date	<u>0.04592400%</u>	<u>0.05985000%</u>	
Change in Proportionate Share	<u>-0.00130600%</u>	<u>0.00075800%</u>	
Proportionate Share of the Net OPEB Liability (Asset)	\$ 844,434	\$ (1,277,870)	\$ (433,436)

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS’ actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

Coldwater Exempted Village School District
Mercer County, Ohio

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2022
(Continued)

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2021, are presented below:

Inflation	2.40 percent
Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation
Municipal Bond Index Rate	
Measurement Date	1.92 percent
Prior Measurement Date	2.45 percent
Single Equivalent Interest Rate	
Measurement Date	2.27 percent, net of plan investment expense, including price inflation
Prior Measurement Date	2.63 percent, net of plan investment expense, including price inflation
Health Care Cost Trend Rate	
Pre-Medicare	6.750 percent - 4.40 percent
Medicare	5.125 percent - 4.40 percent

Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward two years and adjusted 81.35 percent for females. Mortality among disable members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward five years and adjusted 103.3 percent for males and set forward three years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The most recent experience study was completed for the five year period ended June 30, 2020.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board on April 15, 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer time frame. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

Coldwater Exempted Village School District
Mercer County, Ohio

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2022
(Continued)

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2020 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.33) %
US Equity	24.75	5.72
Non-US Equity Developed	13.50	6.55
Non-US Equity Emerging	6.75	8.54
Fixed Income/Global Bonds	19.00	1.14
Private Equity	11.00	10.03
Real Estate/Real Assets	16.00	5.41
Multi-Asset Strategies	4.00	3.47
Private Debt/Private Credit	3.00	5.28
Total	100.00 %	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2021, was 2.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2021 was 2.63 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the plan at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2020 and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 1.92 percent at June 30, 2021 and 2.45 percent at June 30, 2020.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.27 percent) and higher (3.27 percent) than the current discount rate (2.27 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (5.75 percent decreasing to 3.4 percent) and higher (7.75 percent decreasing to 5.4 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	\$ 1,046,354	\$ 844,434	\$ 683,123
		Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	\$ 650,144	\$ 844,434	\$ 1,103,942

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

*Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2022
(Continued)*

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2021, actuarial valuation are presented below:

Inflation	2.50 percent	
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	
Payroll Increases	3.00 percent	
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	
Discount Rate of Return	7.00 percent	
Health Care Cost Trend Rates		
Medical	<u>Initial</u>	<u>Ultimate</u>
Pre-Medicare	5.00 percent	4.00 percent
Medicare	-16.18 percent	4.00 percent
Prescription Drug		
Pre-Medicare	6.50 percent	4.00 percent
Medicare	29.98 percent	4.00 percent

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

The actuarial assumptions used in the June 30, 2021 valuation were adopted by the board from the results of an actuarial experience study for July 1, 2011, through June 30, 2016.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return*</u>
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	<u>100.00 %</u>	

Coldwater Exempted Village School District
Mercer County, Ohio

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2022
(Continued)

*Ten year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2021.

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2021, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as of June 30, 2021, calculated using health care cost trend rates that are one percentage point lower and one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (1,078,325)	\$ (1,277,870)	\$ (1,444,560)
		Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (1,437,806)	\$ (1,277,870)	\$ (1,080,095)

Assumption Changes Since the Prior Measurement Date The discount rate was adjusted to 7.00 percent from 7.45 percent for the June 30, 2021 valuation.

Benefit Term Changes Since the Prior Measurement Date The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.100 percent. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in current year 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

NOTE 11 – FUND BALANCE

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

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

*Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2022
(Continued)*

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

	<u>General</u>	<u>Debt Service</u>	<u>Permanent Improvements</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
Nonspendable:					
Unclaimed Monies	\$ 1,381	\$ -	\$ -	\$ -	\$ 1,381
Restricted for:					
Capital Outlay	-	-	895,930	-	895,930
Classroom Facilities Maintenance	-	-	-	234,435	234,435
Debt Service	-	1,068,073	-	-	1,068,073
Budget Stabilization - BWC Refund	30,977	-	-	-	30,977
Food Services	-	-	-	747,126	747,126
Scholarships	-	-	-	171,197	171,197
Student Activities	-	-	-	184,242	184,242
Student Wellness and Success	-	-	-	20,342	20,342
Other Purposes	-	-	-	148,085	148,085
Total Restricted	<u>30,977</u>	<u>1,068,073</u>	<u>895,930</u>	<u>1,505,427</u>	<u>3,500,407</u>
Committed to:					
Future Severance Payments	<u>70,729</u>	-	-	-	<u>70,729</u>
Assigned for:					
Instruction	30,797	-	-	-	30,797
Support Services	43,247	-	-	-	43,247
Capital Outlay	750	-	-	-	750
Public School Support	43,657	-	-	-	43,657
Extracurricular Activities	46,860	-	-	-	46,860
Subsequent Year Appropriations	<u>1,307,977</u>	-	-	-	<u>1,307,977</u>
Total Assigned	<u>1,473,288</u>	-	-	-	<u>1,473,288</u>
Unassigned	<u>3,598,769</u>	-	-	<u>(51,156)</u>	<u>3,547,613</u>
	<u>\$ 5,175,144</u>	<u>\$ 1,068,073</u>	<u>\$ 895,930</u>	<u>\$ 1,454,271</u>	<u>\$ 8,593,418</u>

	<u>Deficit Fund Balance</u>
Other Governmental Funds:	
Miscellaneous Federal Grants	<u>51,156</u>

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

*Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2022
(Continued)*

NOTE 12 - STATUTORY RESERVES

The School District is required by state law to set aside certain general fund receipt amounts, as defined, into various reserves. During the fiscal year ended June 30, 2022, the reserve activity was as follows:

	Capital Improvements	Budget Stabilization BWC Refund
Set Aside Reserve Balance June 30, 2021	\$ -	\$ 30,977
Current Year Set Aside Requirement	236,736	-
Current Year Offsets	(404,246)	-
Total	\$ (167,510)	\$ 30,977
 Balance Carried Forward to Fiscal Year 2023	 \$ -	 \$ 30,977
 Set Aside Reserve Balance June 30, 2022	 \$ -	

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

NOTE 13 – CONTINGENCIES AND COMMITMENTS

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2022, if applicable, cannot be determined at this time.

B. Litigation

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

C. School District Funding

School district Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. ODE adjustments for fiscal year 2022 have been finalized and resulted in a payable from the School District of \$14,416. This amount was not reported on the financial statements.

Coldwater Exempted Village School District
Mercer County, Ohio

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2022
(Continued)

D. Other Commitments

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

Fund	Amount
General*	\$ 77,380
Permanent Improvement	566,625
Nonmajor Governmental	183,301
	\$ 827,306

* This includes \$2,585 in certain funds that are legally budgeted in separate special revenue funds that are considered part of the general fund on the modified cash basis.

NOTE 14 – BUDGETARY BASIS OF ACCOUNTING

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

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

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

Net Change in Fund Balance	
	General
Modified Cash Basis	\$ 288,433
Funds Budgeted Elsewhere**	(73,576)
Adjustment for Encumbrances	(74,795)
Budget Basis	\$ 140,062

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

Coldwater Exempted Village School District
Mercer County, Ohio

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2022
(Continued)

NOTE 15 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During fiscal year 2022, the School District received COVID-19 funding. The financial impact of COVID-19 and the continuing recovery measures may impact subsequent periods of the School District. The impact on the School District's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

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**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal Assistance Listing Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
<i>Passed Through Ohio Department of Education</i>		
Child Nutrition Cluster:		
School Breakfast Program		
School Breakfast Program	10.553	\$8,520
Total School Breakfast Program		<u>8,520</u>
National School Lunch Program		
Non-Cash Assistance (Food Distribution)	10.555	44,174
Cash Assistance	10.555	548,311
Total National School Lunch Program		<u>592,485</u>
COVID-19 Special Milk Program for Children	10.556	<u>48,910</u>
Total Child Nutrition Cluster		<u>649,915</u>
Total U.S. Department of Agriculture		<u>649,915</u>
U.S. DEPARTMENT OF TREASURY		
<i>Passed Through Ohio Department of Education</i>		
COVID-19 Coronavirus Relief Fund	21.019	<u>10,000</u>
Total U.S. Department of Treasury		<u>10,000</u>
U.S. FEDERAL COMMUNICATIONS COMMISSION		
<i>Direct Award</i>		
COVID-19 Emergency Connectivity Fund Program	32.009	<u>51,156</u>
Total U.S. Federal Communications Commission		<u>51,156</u>
U.S. DEPARTMENT OF EDUCATION		
<i>Passed Through Ohio Department of Education</i>		
Title I Grants to Local Educational Agencies		
Title I Improving Basic Programs Operated by Local Educational Agencies	84.010	102,318
Expanding Opportunities For Each Child	84.010	<u>2,957</u>
Total Title I Grants to Local Educational Agencies		<u>105,275</u>
Special Education Cluster		
COVID-19 - Special Education - Grants to States	84.027X	64,613
Special Education - Grants to States	84.027	282,239
COVID-19 - Special Education - Preschool Grants	84.173X	<u>4,781</u>
Total Special Education Cluster		<u>351,633</u>
Supporting Effective Instruction State Grants	84.367	26,370
Student Support and Academic Enrichment Program	84.424	10,028
COVID-19 Education Stabilization Fund		
COVID-19 ARP - Elementary and Secondary School Emergency Relief	84.425U	290,152
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	<u>313,131</u>
Total COVID-19 Education Stabilization Fund		<u>603,283</u>
Total U.S. Department of Education		<u>1,096,589</u>
Total Expenditures of Federal Awards		<u>\$1,807,660</u>

The accompanying notes are an integral part of this schedule.

**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Coldwater Exempted Village School District (the School District's) under programs of the federal government for the fiscal year ended June 30, 2022. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position or changes in net position of the School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

OHIO AUDITOR OF STATE KEITH FABER



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(800) 282-0370

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

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

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the modified cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Coldwater Exempted Village School District, Mercer County, (the School District) as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated February 28, 2023, wherein we noted the School District uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the continuing recovery measures may impact subsequent periods of the School District.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2022-001.

School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School District's response to the finding identified in our audit and described in the accompanying schedule of findings and/or corrective action plan. The School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

February 28, 2023



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Columbus, Ohio 43215
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**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

To the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Coldwater Exempted Village School District’s, Mercer County, (the School District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Coldwater Exempted Village School District’s major federal programs for the fiscal year ended June 30, 2022. Coldwater Exempted Village School District’s major federal programs are identified in the *Summary of Auditor’s Results* section of the accompanying schedule of findings.

In our opinion, Coldwater Exempted Village School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor’s Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School District’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The School District's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

February 28, 2023

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**COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT
MERCER COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2022**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	COVID-19 Education Stabilization Fund – AL #84.425D and #84.425U Special Education Cluster
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

FINDING NUMBER 2022-001

Noncompliance

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

Ohio Admin. Code § 117-2-03(B), which further clarifies the requirements of Ohio Rev. Code § 117.38, requires the School District to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

The School District prepared financial statements that, although formatted similar to financial statements prescribed by the Governmental Accounting Standards Board, report on the modified cash basis of accounting, rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time.

Pursuant to Ohio Rev. Code § 117.38 the School District may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the School District's ability to evaluate and monitor the overall financial condition of the School District. To help provide the users with more meaningful financial statements, the School District should prepare its annual financial statements according to generally accepted accounting principles.

Officials' Response:

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

3. FINDINGS FOR FEDERAL AWARDS

None



Coldwater Exempted Village Schools

Administrative Office: 419-678-2611
 High School Office: 419-678-4821

310 North Second Street
 Coldwater, Ohio 45828-1242
 Fax: 419-678-3100

Middle School: 419-678-3331
 Elementary School: 419-678-2613

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
 2 CFR 200.511(b)
 JUNE 30, 2022**

Finding Number	Finding Summary	Status	Additional Information
2021-001	Ohio Revised Code Section 117.38 & Ohio Administrative Code Section 117-2-03(B) – Failure to prepare financial statements in accordance with GAAP. Originally issued as 2003-001.	Not Corrected	These citations were a result of the District not preparing its financial statements in accordance with generally accepted accounting principles (GAAP). The District has prepared its financial statements using an alternative modified cash basis of financial reporting by compiling and completing OCBOA (other comprehensive basis of accounting) financial reports for fiscal year ended June 30, 2022. While we admit that the Ohio Administrative Code requires the District to file our financial reports on a GAAP basis, the District believes that the financial costs associated with generating and auditing the reports on the GAAP basis, outweigh any benefits that the District may obtain from preparing and filing GAAP reports.

Excellence In Education

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Coldwater Exempted Village Schools

Administrative Office: 419-678-2611
High School Office: 419-678-4821

310 North Second Street
Coldwater, Ohio 45828-1242
Fax: 419-678-3100

Middle School: 419-678-3331
Elementary School: 419-678-2613

CORRECTIVE ACTION PLAN 2 CFR § 200.511(c) JUNE 30, 2022

Finding Number: 2022-001
Planned Corrective Action: These citations were a result of the District not preparing its financial statements in accordance with generally accepted accounting principles (GAAP). The District has prepared its financial statements using an alternative modified cash basis of financial reporting by compiling and completing OCBOA (other comprehensive basis of accounting) financial reports for fiscal year ended June 30, 2022. While we admit that the Ohio Administrative Code requires the District to file our financial reports on a GAAP basis, the District believes that the financial costs associated with generating and auditing the reports on the GAAP basis, outweigh any benefits that the District may obtain from preparing and filing GAAP reports.

Anticipated Completion Date: N/A
Responsible Contact Person: Jennifer McCoy, Treasurer

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OHIO AUDITOR OF STATE KEITH FABER



COLDWATER EXEMPTED VILLAGE SCHOOL DISTRICT

MERCER COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/28/2023

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov