



Dave Yost • Auditor of State



**CALDWELL EXEMPTED VILLAGE SCHOOL DISTRICT  
NOBLE COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Caldwell Exempted Village School District  
Noble County  
516 Fairground Street  
Caldwell, Ohio 43724

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Caldwell Exempted Village School District, Noble County, Ohio (the School District), as of and for the year ended June 30, 2010, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Caldwell Exempted Village School District, Noble County, Ohio, as of June 30, 2010, and the respective changes in financial position, and where applicable, cash flows, thereof and the respective budgetary comparisons for the General Fund and Food Service Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2011, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis* as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the School District's basic financial statements taken as a whole. The Federal Awards Receipts and Expenditures Schedule (the Schedule) provides additional information required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This Schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



**Dave Yost**  
Auditor of State

March 2, 2011

Caldwell Exempted Village School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
Unaudited

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Management's Discussion and Analysis (MD&A) provides the reader with a narrative overview and analysis of the Caldwell Exempted Village School District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. The MD&A should be read in conjunction with the School District's basic financial statements and 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 2010 are as follows:

- The assets of the School District exceeded its liabilities at the close of the fiscal year ended June 30, 2010, by \$7,633,018 (net assets).
- Net assets of governmental activities decreased \$559,438 from fiscal year 2009.
- General revenues accounted for \$7,360,636 in revenue or 82 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants, contributions, and interest accounted for \$1,559,240 or 18 percent of total revenues of \$8,959,876.
- The School District had \$9,519,314 in expenses related to governmental activities; only \$1,559,240 of these expenses were offset by program specific charges for services and sales, grants, contributions, or interest. General revenues (primarily intergovernmental revenues and property taxes) of \$7,360,636 were not adequate to provide for these programs.
- The General Fund had \$7,360,161 in revenues and \$7,121,255 in expenditures. The General Fund's fund balance increased \$194,206 from \$604,598. The Food Service Special Revenue Fund had \$310,910 in revenues and \$375,288 in expenditures contributing to the decrease in fund balance of \$14,378.
- At the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$1,368,902. Of this amount, \$763,343 is available for appropriation in future periods (unreserved, undesignated fund balance).

### **Using this Annual Financial Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the School District as a financial whole, an entire operating entity. The statements then proceed to present a detailed outline of specific financial activities and conditions.

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. 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 General Fund and Food Service Special Revenue Fund with all other nonmajor funds presented in total in one column. In the case of the School District, the General Fund is by far the most significant fund.

Caldwell Exempted Village School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
Unaudited

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## **Government-Wide Financial Statements**

### *Statement of Net Assets and the Statement of Activities*

While these documents contain information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during the 2010 fiscal year?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all *assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's *net assets* and *changes* in those assets. This change in net assets 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 restricting revenue growth, facility conditions, required educational programs, and other factors. In the Statement of Net Assets and the Statement of Activities, all of the School District's programs and services are reported as Governmental Activities including instruction, support services, operation of non-instructional services, extracurricular activities, and interest.

### ***Reporting the School District's Most Significant Funds***

#### *Fund Financial Statements*

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The analysis of the School District's major funds begins on page 8. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major and discretionary major governmental funds are the General Fund and the Food Service Special Revenue 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 an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. 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 you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

***Proprietary Funds*** Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match. The School District's only fund of this type is the Health Self-Insurance Internal Service Fund. However, the activity of this fund is combined with the Governmental Activities on the entity wide financial statements.

Caldwell Exempted Village School District  
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*Fiduciary Funds* Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from those funds are not available to support the School District's programs. The accounting method used for fiduciary funds is much like that used for the proprietary funds.

**The School District as a Whole**

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for fiscal year 2010 compared to fiscal year 2009:

Table 1  
Net Assets

	Governmental Activities		
	2010	2009	Change
<b>Assets</b>			
Current and Other Assets	\$7,022,280	\$6,296,225	\$726,055
Capital Assets	4,714,210	5,455,906	(741,696)
<b>Total Assets</b>	<b>11,736,490</b>	<b>11,752,131</b>	<b>(15,641)</b>
<b>Liabilities</b>			
Long-Term Liabilities	367,861	323,572	44,289
Other Liabilities	3,735,611	3,236,103	499,508
<b>Total Liabilities</b>	<b>4,103,472</b>	<b>3,559,675</b>	<b>543,797</b>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	4,714,210	5,455,906	(741,696)
Restricted	528,035	488,695	39,340
Unrestricted	2,390,773	2,247,855	142,918
<b>Total Net Assets</b>	<b>\$7,633,018</b>	<b>\$8,192,456</b>	<b>(\$559,438)</b>

Total assets decreased \$15,641. Current and other assets increased \$726,055. This increase was mainly due to an increase in cash and cash equivalents of \$103,902, an increase in intergovernmental receivables of \$77,515, and an increase in property taxes receivable of \$546,411. The increase in cash and cash equivalents was primarily due to the increase in property tax receipts from the 12-mill operating levy, with second half collections from tax year 2009 being received in the first half of fiscal year 2010. Likewise, the increase in property taxes receivable was due to this same 12-mill levy, passed in November, 2008.

Other liabilities increased \$499,508 mainly due to an accrued wages and benefits payable increase of \$77,416 and an increase in deferred revenue of \$518,921. The increase in accrued wages and benefits payable was attributable to the School District recalling several employees that were laid off at the end of fiscal 2008 due to fiscal constraints. With the passage of the levy, some of the previously eliminated positions were reinstated in 2010, causing an increase in accrued wages and benefits payable. The increase in deferred revenue was due to the amounts that were certified by the County Auditor for property taxes. These increases were offset by a decrease of \$113,397 in intergovernmental payable.

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Management's Discussion and Analysis  
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Unaudited

Table 2 shows the changes in net assets for fiscal year 2010 and comparisons to fiscal year 2009:

Table 2  
Changes in Net Assets

	Governmental Activities		
	2010	2009	Change
<b>Revenues</b>			
Program Revenues			
Charges for Services and Sales	\$635,621	\$675,997	(\$40,376)
Operating Grants, Contributions, and Interest	963,619	879,222	84,397
Capital Grants, Contributions, and Interest	0	11,417	(11,417)
Total Program Revenues	<u>1,599,240</u>	<u>1,566,636</u>	<u>32,604</u>
General Revenues			
Property Taxes	2,583,225	2,402,878	180,347
Grants and Entitlements	4,670,050	4,436,798	233,252
Other	107,361	98,699	8,662
Total General Revenues	<u>7,360,636</u>	<u>6,938,375</u>	<u>422,261</u>
Total Revenues	<u>8,959,876</u>	<u>8,505,011</u>	<u>454,865</u>
<b>Program Expenses</b>			
Instruction			
Regular	4,492,493	3,271,955	1,220,538
Special	850,164	791,033	59,131
Vocational	84,991	73,409	11,582
Adult/Continuing	4,977	5,096	(119)
Intervention	2,071	76,853	(74,782)
Support Services			
Pupils	572,650	505,501	67,149
Instructional Staff	523,160	309,831	213,329
Board of Education	44,086	46,574	(2,488)
Administration	735,739	636,319	99,420
Fiscal	361,088	288,850	72,238
Operation and Maintenance of Plant	500,494	505,175	(4,681)
Pupil Transportation	628,818	592,519	36,299
Central	5,000	0	5,000
Operation of Non-Instructional Services	428,962	381,146	47,816
Extracurricular Activities	284,621	249,487	35,134
Total Expenses	<u>9,519,314</u>	<u>7,733,748</u>	<u>1,785,566</u>
Change in Net Assets	(559,438)	771,263	(1,330,701)
Net Assets Beginning of Year	<u>8,192,456</u>	<u>7,421,193</u>	<u>771,263</u>
Net Assets End of Year	<u><u>\$7,633,018</u></u>	<u><u>\$8,192,456</u></u>	<u><u>(\$559,438)</u></u>

Caldwell Exempted Village School District  
Management's Discussion and Analysis  
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Unaudited

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The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. As the result of legislation enacted in 1976, the overall revenue generated by the levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00. Our School District, which is dependent upon property taxes, is hampered by a lack of other revenue growth and must periodically return to the voters to maintain a constant level of service. The tax on the tangible personal property of general businesses, telephone and telecommunications companies, and railroads was phased out beginning in tax year 2006 under the provisions of House Bill 66. The tax on general businesses and railroad property was completely eliminated by 2009, and the tax on telephone and telecommunications property will be eliminated by 2011. The tax is phased out by reducing the assessment rate on the property each year. At the same time, the bill replaces the revenue lost due to phasing out the tax. Initially, school districts were to be reimbursed fully for the lost revenue through 2009, with a phase-out over the following seven years. However, the Ohio Legislature delayed the phase out through the current and next biennia (2010-13). The reimbursement is based on using tax year 2004 as the base year for the calculation of reimbursements. Due to the reimbursement being based upon tax year 2004, and due to the eventual phase out of the reimbursements, the School District will experience a loss in overall revenues. The last successful operating levy renewal was passed in the November, 2008, election.

Total revenues increased from fiscal year 2009 to fiscal year 2010. This increase was due to increases in property tax revenues in the amount of \$180,347 and grants and entitlements in the amount of \$233,252. Property tax revenues increased due to the increase in tax valuations during fiscal year 2010. Total grants and entitlements increased \$233,252, primarily due to the State Fiscal Stabilization Funds, federal stimulus dollars used by the State of Ohio to plug the shortfall in school foundation funding.

Total expenses increased \$1,785,566. Regular instruction, special instruction, and instructional staff increased \$1,220,538, \$59,131, and \$213,329 respectively. The increases in regular instruction were a result of several factors including the 2010 recall of teachers from a fiscal year 2008 reduction in force. Additionally, the District experienced a significant increase in both outgoing open enrollment students, as well as community school students, over fiscal year 2009. Special instruction increased mainly due to a reduction in the District's IDEA-B grant funding and carryover, pushing more special education costs to the General Fund, in addition to increases in wage and benefit costs over 2009. Instructional staff increased as a result of a number of different factors. As noted for above, with the reduction in federal IDEA-B funds, the General Fund was forced to absorb additional costs for special education aides' wages and benefits. Also, the District's preschool experienced a large increase in severe needs students during 2010. Because the Educational Service Center allocates all preschool expenses to districts based on the number of handicapped students enrolled, the spike in students at Caldwell caused the proportional share of expenses to increase substantially over 2009.

The DeRolph III decision has not eliminated the dependence on property taxes. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. Inflation alone will not increase the amount of funds generated by a tax levy. Basically, the mills collected decrease as the property valuation increases thus generating approximately the same revenue, exclusive of new construction and inside millage. Property taxes made up approximately 29% of revenues for governmental activities for the School District in fiscal year 2010.

Caldwell Exempted Village School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
Unaudited

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

Table 3  
Governmental Activities

	Total Cost of Services 2010	Net Cost of Services 2010	Total Cost of Services 2009	Net Cost of Services 2009
Instruction:				
Regular	\$4,492,493	\$4,121,639	\$3,271,955	\$2,884,314
Special	850,164	473,306	791,033	368,102
Vocational	84,991	48,729	73,409	37,417
Adult/Continuing	4,977	4,977	5,096	5,096
Intervention	2,071	2,071	76,853	76,853
Support Services:				
Pupils	572,650	497,549	505,501	453,305
Instructional Staff	523,160	316,003	309,831	217,318
Board of Education	44,086	44,086	46,574	46,574
Administration	735,739	684,721	636,319	590,714
Fiscal	361,088	361,088	288,850	288,850
Operation and Maintenance of Plant	500,494	499,820	505,175	503,702
Pupil Transportation	628,818	620,294	592,519	568,984
Central	5,000	906	0	0
Operation of Non-Instructional Services	428,962	88,259	381,146	22,827
Extracurricular Activities	284,621	156,626	249,487	103,056
Total Expenses	<u>\$9,519,314</u>	<u>\$7,920,074</u>	<u>\$7,733,748</u>	<u>\$6,167,112</u>

The dependence upon tax revenues for governmental activities is apparent. Approximately 74 percent of instruction activities are supported primarily by taxes, unrestricted grants and entitlements, and other general revenues.

### **The School District's Funds**

The School District's major funds are accounted for using the modified accrual basis of accounting. The General Fund had \$7,360,161 in revenues and \$7,121,255 in expenditures. The General Fund's balance increased \$194,206. The Food Service Special Revenue Fund had \$310,910 in revenues, \$375,288 in expenditures, and \$50,000 in operating transfers. The Food Service Fund's balance decreased \$14,378.

### **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.

Caldwell Exempted Village School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
Unaudited

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During the course of fiscal year 2010, the School District amended its General Fund budget, but not significantly. The School District closely monitors its resources and uses and if necessary, modifies the budgetary documents on a timely basis.

The largest change from the original to the final budgeted revenues is in property taxes which were increased during the year by \$295,000 as more precise estimates were obtained from the county auditor. Budgeted amounts were changed during the year for expenditures, however these were minimal.

For the General Fund, budget basis revenue was \$7,379,656, above final estimates of \$7,308,174. The budget basis expenditures were \$7,399,007, which represented a change from the final estimate of \$7,624,681. Of this \$255,674 difference, the majority was due to the School District's conservative estimates for expenditures.

The School District's ending General Fund budgetary balance was \$1,225,868.

### **Capital Assets and Debt Administration**

At the end of fiscal year 2010, the School District had \$4,714,210 invested in land, buildings and improvements, vehicles, and machinery, equipment, furniture and fixtures in governmental activities. See Note 8 for more detailed information of the School District's capital assets.

At fiscal year end, the School District had no debt outstanding.

### **Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and 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 questions about this report or need additional financial information, contact Jeff Croucher, Treasurer at Caldwell Exempted Village School District, 516 Fairground St., Caldwell, Ohio 43724.

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**Caldwell Exempted Village School District, Ohio**

*Statement of Net Assets*

*June 30, 2010*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$2,414,867
Cash and Cash Equivalents with Fiscal Agents	1,468,849
Accounts Receivable	1,661
Intergovernmental Receivable	207,137
Prepaid Items	9,876
Materials and Supplies Inventory	1,913
Inventory Held for Resale	7,188
Property Taxes Receivable	2,910,789
Nondepreciable Capital Assets	381,096
Depreciable Capital Assets, Net	4,333,114
Total Assets	<u>11,736,490</u>
<b>Liabilities</b>	
Accounts Payable	57,876
Accrued Wages and Benefits Payable	780,704
Intergovernmental Payable	261,158
Matured Compensated Absences Payable	4,768
Claims Payable	157,274
Deferred Revenue	2,473,831
Long-Term Liabilities:	
Due Within One Year	32,183
Due In More Than One Year	335,678
Total Liabilities	<u>4,103,472</u>
<b>Net Assets</b>	
Invested in Capital Assets	4,714,210
Restricted for:	
Capital Projects	17,845
Debt Service	55,534
Budget Stabilization	28,284
Textbooks and Instructional Materials	58,469
Unclaimed Monies	177
Other Purposes	367,726
Unrestricted	2,390,773
Total Net Assets	<u><u>\$7,633,018</u></u>

See accompanying notes to the basic financial statements

**Caldwell Exempted Village School District, Ohio**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2010

	Program Revenues			Net (Expense)
	Expenses	Charges for Services and Sales	Operating Grants, Contributions, and Interest	Revenue and Changes in Net Assets
<b>Governmental Activities</b>				<b>Governmental Activities</b>
Instruction:				
Regular	\$4,492,493	\$295,318	\$75,536	(\$4,121,639)
Special	850,164	0	376,858	(473,306)
Vocational	84,991	0	36,262	(48,729)
Adult/Continuing	4,977	0	0	(4,977)
Intervention	2,071	0	0	(2,071)
Support Services:				
Pupils	572,650	64,736	10,365	(497,549)
Instructional Staff	523,160	0	207,157	(316,003)
Board of Education	44,086	0	0	(44,086)
Administration	735,739	0	51,018	(684,721)
Fiscal	361,088	0	0	(361,088)
Operation and Maintenance of Plant	500,494	354	320	(499,820)
Pupil Transportation	628,818	767	7,757	(620,294)
Central	5,000	0	4,094	(906)
Operation of Non-Instructional Services:				
Food Service Operations	379,547	121,521	186,561	(71,465)
External Participation in Internal Service Fund	49,415	32,621	0	(16,794)
Extracurricular Activities	284,621	120,304	7,691	(156,626)
<b>Total Governmental Activities</b>	<u>\$9,519,314</u>	<u>\$635,621</u>	<u>\$963,619</u>	<u>(7,920,074)</u>
<b>General Revenues</b>				
Property Taxes Levied for General Purposes				2,583,225
Grants and Entitlements not Restricted to Specific Programs				4,670,050
Interest				59,775
Gain on Sale of Capital Assets				5,300
Miscellaneous				42,286
<b>Total General Revenues</b>				<u>7,360,636</u>
Change in Net Assets				(559,438)
Net Assets Beginning of Year				<u>8,192,456</u>
Net Assets End of Year				<u>\$7,633,018</u>

See accompanying notes to the basic financial statements

**Caldwell Exempted Village School District, Ohio**

*Balance Sheet*

*Governmental Funds*

*June 30, 2010*

	General	Food Service	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,292,166	\$3,477	\$625,559	\$1,921,202
Accounts Receivable	1,372	216	73	1,661
Interfund Receivable	753	0	0	753
Intergovernmental Receivable	1,113	24,206	181,818	207,137
Prepaid Items	9,502	374	0	9,876
Materials and Supplies Inventory	0	1,913	0	1,913
Inventory Held for Resale	0	7,188	0	7,188
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	86,930	0	0	86,930
Property Taxes Receivable	2,910,789	0	0	2,910,789
<b>Total Assets</b>	<u>\$4,302,625</u>	<u>\$37,374</u>	<u>\$807,450</u>	<u>\$5,147,449</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$42,979	\$184	\$14,713	\$57,876
Accrued Wages and Benefits Payable	646,562	29,088	105,054	780,704
Interfund Payable	0	0	753	753
Intergovernmental Payable	233,177	10,916	17,065	261,158
Matured Compensated Absences Payable	4,768	0	0	4,768
Deferred Revenue	2,576,335	0	96,953	2,673,288
<b>Total Liabilities</b>	<u>3,503,821</u>	<u>40,188</u>	<u>234,538</u>	<u>3,778,547</u>
<b>Fund Balances</b>				
Reserved for Encumbrances	134,446	790	7,914	143,150
Reserved for Unclaimed Monies	177	0	0	177
Reserved for Budget Stabilization	28,284	0	0	28,284
Reserved for Textbooks and Instructional Materials	58,469	0	0	58,469
Reserved for Property Taxes	335,479	0	0	335,479
Unreserved:				
Designated for Budget Stabilization	40,000	0	0	40,000
Undesignated, Reported in:				
General Fund	201,949	0	0	201,949
Special Revenue Funds (Deficit)	0	(3,604)	246,425	242,821
Debt Service Fund	0	0	55,534	55,534
Capital Projects Funds	0	0	263,039	263,039
<b>Total Fund Balances (Deficit)</b>	<u>798,804</u>	<u>(2,814)</u>	<u>572,912</u>	<u>1,368,902</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$4,302,625</u>	<u>\$37,374</u>	<u>\$807,450</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 4,714,210

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:

Property Taxes	101,479	
Tuition and Fees	1,025	
Grants	96,953	
<b>Total</b>		<u>199,457</u>

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets. 1,718,310

Compensated absences are not due and payable in the current period and therefore are not reported in the funds. (367,861)

**Net Assets of Governmental Activities** \$7,633,018

**Caldwell Exempted Village School District, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2010*

	General	Food Service	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property Taxes	\$2,583,094	\$0	\$0	\$2,583,094
Intergovernmental	4,444,742	186,561	918,130	5,549,433
Interest	14,018	0	21	14,039
Tuition and Fees	295,935	0	0	295,935
Extracurricular Activities	53	0	185,754	185,807
Charges for Services	0	121,521	0	121,521
Contributions and Donations	11,100	0	8,220	19,320
Miscellaneous	11,219	2,828	1,488	15,535
Total Revenues	<u>7,360,161</u>	<u>310,910</u>	<u>1,113,613</u>	<u>8,784,684</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	3,412,495	0	382,899	3,795,394
Special	547,533	0	342,276	889,809
Vocational	83,308	0	0	83,308
Adult/Continuing	4,977	0	0	4,977
Intervention	2,071	0	0	2,071
Support Services:				
Pupils	503,112	0	68,199	571,311
Instructional Staff	304,312	0	198,804	503,116
Board of Education	44,086	0	0	44,086
Administration	662,202	0	48,392	710,594
Fiscal	345,204	0	0	345,204
Operation and Maintenance of Plant	478,430	0	32,574	511,004
Pupil Transportation	588,350	0	10,963	599,313
Central	0	0	5,000	5,000
Operation of Non-Instructional Services:				
Food Service Operations	0	375,288	0	375,288
Extracurricular Activities	145,175	0	135,782	280,957
Total Expenditures	<u>7,121,255</u>	<u>375,288</u>	<u>1,224,889</u>	<u>8,721,432</u>
Excess of Revenues Over (Under) Expenditures	<u>238,906</u>	<u>(64,378)</u>	<u>(111,276)</u>	<u>63,252</u>
<b>Other Financing Source (Use)</b>				
Proceeds from Sale of Capital Assets	5,300	0	0	5,300
Transfers In	0	50,000	0	50,000
Transfers Out	(50,000)	0	0	(50,000)
Total Other Financing Source (Use)	<u>(44,700)</u>	<u>50,000</u>	<u>0</u>	<u>5,300</u>
Net Change in Fund Balances	194,206	(14,378)	(111,276)	68,552
Fund Balances Beginning of Year	<u>604,598</u>	<u>11,564</u>	<u>684,188</u>	<u>1,300,350</u>
Fund Balances (Deficit) End of Year	<u>\$798,804</u>	<u>(\$2,814)</u>	<u>\$572,912</u>	<u>\$1,368,902</u>

See accompanying notes to the basic financial statements

**Caldwell Exempted Village School District, Ohio**  
*Reconciliation of the Changes in Fund Balances of Governmental Funds to Statement of Activities*  
*For the Fiscal Year Ended June 30, 2010*

Net Change in Fund Balances - Total Governmental Funds		\$68,552
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period:		
Capital Outlay	248,287	
Current Year Depreciation	<u>(314,905)</u>	(66,618)
Capital Assets removed from the capital asset account on the statement of net assets results in a gain or loss on disposal of capital assets on the statement of activities.		(675,078)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Grants	63,555	
Tuition and Fees	(617)	
Delinquent Property Taxes	<u>131</u>	63,069
Expenses resulting from compensated absences in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(44,289)
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. The net change of the internal service fund is reported with governmental activities.		<u>94,926</u>
Change in Net Assets of Governmental Activities		<u><u>(\$559,438)</u></u>
See accompanying notes to the basic financial statements		

**Caldwell Exempted Village School District, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$2,239,000	\$2,534,000	\$2,555,735	\$21,735
Intergovernmental	4,479,000	4,458,100	4,486,478	28,378
Interest	40,500	21,500	21,407	(93)
Tuition and Fees	317,300	283,800	296,248	12,448
Extracurricular Activities	0	0	50	50
Contributions and Donations	0	0	11,000	11,000
Miscellaneous	12,329	10,774	8,738	(2,036)
<b>Total Revenues</b>	<b>7,088,129</b>	<b>7,308,174</b>	<b>7,379,656</b>	<b>71,482</b>
<b>Expenditures</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	3,870,157	3,517,057	3,466,464	50,593
Special	669,066	624,066	583,924	40,142
Vocational	73,311	91,511	91,039	472
Adult/Continuing	7,286	7,286	7,614	(328)
Intervention	23,600	23,600	17,283	6,317
<b>Support Services:</b>				
Pupils	503,255	595,255	575,510	19,745
Instructional Staff	255,720	312,720	295,525	17,195
Board of Education	70,496	70,496	56,715	13,781
Administration	585,099	600,099	647,835	(47,736)
Fiscal	329,556	347,556	342,624	4,932
Operation and Maintenance of Plant	587,356	587,356	544,038	43,318
Pupil Transportation	694,129	694,129	626,236	67,893
Extracurricular Activities	153,550	153,550	144,200	9,350
<b>Total Expenditures</b>	<b>7,822,581</b>	<b>7,624,681</b>	<b>7,399,007</b>	<b>225,674</b>
Excess of Revenues Under Expenditures	(734,452)	(316,507)	(19,351)	297,156
<b>Other Financing Sources (Uses)</b>				
Refund of Prior Year Expenditures	2,500	2,500	1,463	(1,037)
Refund of Prior Year Receipts	(1,393)	(1,538)	(637)	901
Proceeds from Sale of Capital Assets	0	5,300	5,300	0
Other Financing Uses	(75,000)	0	0	0
Transfers Out	(50,000)	(55,000)	(50,000)	5,000
Advances Out	0	(30,000)	0	30,000
<b>Total Other Financing Sources (Uses)</b>	<b>(123,893)</b>	<b>(78,738)</b>	<b>(43,874)</b>	<b>34,864</b>
Net Change in Fund Balance	(858,345)	(395,245)	(63,225)	332,020
Fund Balance Beginning of Year	1,040,372	1,040,372	1,040,372	0
Prior Year Encumbrances Appropriated	248,721	248,721	248,721	0
<b>Fund Balance End of Year</b>	<b>\$430,748</b>	<b>\$893,848</b>	<b>\$1,225,868</b>	<b>\$332,020</b>

See accompanying notes to the basic financial statements

**Caldwell Exempted Village School District, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Food Service Fund*  
*For the Fiscal Year Ended June 30, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$173,000	\$188,315	\$188,767	\$452
Charges for Services	133,175	121,480	121,522	42
Miscellaneous	2,410	2,760	2,918	158
<b>Total Revenues</b>	<b>308,585</b>	<b>312,555</b>	<b>313,207</b>	<b>652</b>
<b>Expenditures</b>				
Current:				
Operation of Non-Instructional Services:				
Food Service Operations	361,273	377,773	374,728	3,045
<b>Excess of Revenues Under Expenditures</b>	<b>(52,688)</b>	<b>(65,218)</b>	<b>(61,521)</b>	<b>3,697</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	45,000	55,000	50,000	(5,000)
Advances In	0	30,000	0	(30,000)
Advances Out	0	(30,000)	0	30,000
<b>Total Other Financing Sources</b>	<b>45,000</b>	<b>55,000</b>	<b>50,000</b>	<b>(5,000)</b>
<b>Net Change in Fund Balance</b>	<b>(7,688)</b>	<b>(10,218)</b>	<b>(11,521)</b>	<b>(1,303)</b>
Fund Balance Beginning of Year	12,435	12,435	12,435	0
Prior Year Encumbrances Appropriated	1,773	1,773	1,773	0
<b>Fund Balance End of Year</b>	<b>\$6,520</b>	<b>\$3,990</b>	<b>\$2,687</b>	<b>(\$1,303)</b>

See accompanying notes to the basic financial statements

**Caldwell Exempted Village School District, Ohio**

*Statement of Fund Net Assets*

*Health Self-Insurance Internal Service Fund*

*June 30, 2010*

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<b>Current Assets</b>	
Cash and Cash Equivalents with Fiscal Agents	\$1,875,584
<b>Current Liabilities</b>	
Claims Payable	<u>157,274</u>
<b>Net Assets</b>	
Unrestricted	<u><u>\$1,718,310</u></u>

See accompanying notes to the basic financial statements

**Caldwell Exempted Village School District, Ohio**

*Statement of Revenues, Expenses  
and Changes in Fund Net Assets  
Health Self-Insurance Internal Service Fund  
For the Fiscal Year Ended June 30, 2010*

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<b>Operating Revenues</b>	
Charges for Services	\$1,663,916
Miscellaneous	<u>27,105</u>
Total Operating Revenues	<u>1,691,021</u>
<b>Operating Expenses</b>	
Purchased Services	377,614
Claims	<u>1,264,217</u>
Total Operating Expenses	<u>1,641,831</u>
Operating Income	49,190
<b>Non-Operating Revenue</b>	
Interest	<u>45,736</u>
Change in Net Assets	94,926
Net Assets Beginning of Year	<u>1,623,384</u>
Net Assets End of Year	<u><u>\$1,718,310</u></u>

See accompanying notes to the basic financial statements

**Caldwell Exempted Village School District, Ohio**  
*Statement of Cash Flows*  
*Health Self-Insurance Internal Service Fund*  
*For the Fiscal Year Ended June 30, 2010*

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**Increase (Decrease) in Cash and Cash Equivalents**

**Cash Flows from Operating Activities**

Cash Received from Transactions with Other Funds	\$1,631,295
Cash Received from Customers	32,621
Other Cash Receipts	27,105
Cash Payments for Goods and Services	(377,614)
Cash Payments for Claims	<u>(1,245,444)</u>

Net Cash Provided by Operating Activities 67,963

**Cash Flows from Investing Activities**

Interest on Investments	<u>45,736</u>
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Net Increase in Cash and Cash Equivalents 113,699

Cash and Cash Equivalents Beginning of Year 1,761,885

Cash and Cash Equivalents End of Year \$1,875,584

**Reconciliation of Operating Income to Net Cash  
Provided by Operating Activities**

Operating Income	\$49,190
Increase in Claims Payable	<u>18,773</u>
Net Cash Provided by Operating Activities	<u><u>\$67,963</u></u>

See accompanying notes to the basic financial statements

**Caldwell Exempted Village School District, Ohio**

*Statement of Fiduciary Assets and Liabilities*

*Agency Fund*

*June 30, 2010*

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**Assets**

Equity in Pooled Cash and Cash Equivalents \$27,970

**Liabilities**

Due to Students \$27,970

See accompanying notes to the basic financial statements

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Caldwell Exempted Village School District, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

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**Note 1 - Description of the School District and Reporting Entity**

Caldwell Exempted Village School District (the School District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District operates under a locally elected five member Board form of government and provides educational services as authorized by its charter and further mandated by State and federal agencies.

The School District is located in Caldwell, Ohio, in Noble County and also consists of Aurelius Township in Washington County. The Board of Education controls the School District's three instructional/support facilities staffed by 38 classified employees and 62 certificated full-time teaching personnel who provide services to 944 students and other community members. The School District is the 349th largest in the State of Ohio (among 612 school districts) in terms of enrollment.

***Reporting Entity***

A reporting entity is composed of the primary government, component units, and other organizations that are included to insure that 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 the 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. No separate governmental units meet the criteria for inclusion as a component unit.

The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA), the Mid-East Career and Technology Centers, and the Coalition of Rural and Appalachian Schools which are defined as jointly governed organizations; the Ohio School Plan (OSP), which is defined as a group insurance purchasing pool; the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Self-Insurance Plan, which is defined as a risk sharing, claims servicing and insurance purchasing pool; and is associated with the Caldwell Public Library which is defined as a Related Organization. Additional information concerning these organizations is presented in Notes 15 and 16.

Caldwell Exempted Village School District, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

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**Note 2 - Summary of Significant Accounting Policies**

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

**A. Basis of Presentation**

The School District's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

**Government-wide Financial Statements** The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. These statements usually distinguish between those activities of the School District that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The School District, however; has no business-type activities.

The statement of net assets presents the financial condition of the governmental activities of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues 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. Revenues which are not classified as program revenues are presented as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

**Fund Financial Statements** During the fiscal 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. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

**B. Fund Accounting**

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

Caldwell Exempted Village School District, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

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**Governmental Funds** Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following is a description of the School District's major fund and discretionary major fund:

**General Fund** The General Fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

**Food Service Special Revenue Fund** This fund is used to account for the financial transactions related to the food service operations of the School District.

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

**Proprietary Fund Type** Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service; the School District has no enterprise funds.

**Health Self-Insurance Internal Service Fund** The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for the operation of the School District's self-insurance program for employee medical, vision, prescription drug, and dental claims. In addition, this fund accounts for insurance activity from outside participation related to the Caldwell Public Library.

**Fiduciary Fund Type** Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency fund accounts for student activities.

**C. Measurement Focus**

**Government-wide Financial Statements** The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net assets. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets.

Caldwell Exempted Village School District, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

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***Fund Financial Statements*** All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activity.

***D. Basis of Accounting***

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

***Revenues - Exchange and Non-Exchange Transactions*** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 6). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, investment earnings, tuition, grants, fees, and rentals.

Caldwell Exempted Village School District, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

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***Deferred Revenue*** Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2010, but which were levied to finance fiscal year 2011 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

***Expenses/Expenditures*** On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

***E. Cash and Cash Equivalents***

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements. The School District participates in the OME-RESA insurance consortium for self-insurance. These monies are held separate from the School District's central bank account and are reflected in the financial statements as "Cash and Cash Equivalents with Fiscal Agents".

During fiscal year 2010, the School District's investments were limited to federal agency securities, money market mutual fund, and STAROhio. Federal agency securities and the money market mutual fund are reported at fair value based on quoted market prices. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2010.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2010 amounted to \$14,018, which includes \$4,852 assigned from other School District funds.

Investments of the 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 equivalents.

***F. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 2010, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Caldwell Exempted Village School District, Ohio  
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For the Fiscal Year Ended June 30, 2010

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**G. Inventory**

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used.

Inventories of governmental funds consist of expendable supplies held for consumption and donated and purchased food held for resale.

**H. Capital Assets**

All of the School District's capital assets are general capital assets resulting from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of capital assets by backtrending (i.e., estimating the current replacement cost of the assets to be capitalized and using an appropriate price-index to deflate the costs to the acquisition year or estimated acquisition year). Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of one thousand dollars. The School District currently capitalizes land, buildings and improvements, vehicles, and machinery, equipment, furniture and fixtures. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets, except land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<b>Description</b>	<b>Governmental Activities Estimated Lives</b>
Buildings and Improvements	20-50 Years
Vehicles	8 Years
Machinery, Equipment, Furniture, and Fixtures	5-25 Years

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans and unpaid amounts for interfund services are classified as "interfund receivables/payables." These amounts are eliminated on the statement of net assets.

**J. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. A liability is recorded for vacation eligible employees after one year service with the School District.

Caldwell Exempted Village School District, Ohio  
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Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rate at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for all employees having at least eighteen years of service.

The entire compensated absences liability is reported on the government-wide financial statements.

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are reported as "matured compensated absences payable" in the fund from which the employees who will receive the payment are paid.

***K. Accrued Liabilities and Long-term Obligations***

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, termination benefits, and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

***L. Internal Activity***

Transfers within governmental activities are eliminated on the government-wide statements. Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the Statement of Activities. Payments of interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

***M. Restricted Assets***

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other government or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the General Fund represent cash and cash equivalents required by State statute to be set aside to create a reserve for budget stabilization and textbooks and instructional materials, and unclaimed monies. See Note 18 for additional information regarding set-asides.

Caldwell Exempted Village School District, Ohio  
Notes to the Basic Financial Statements  
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***N. Fund Balance Reserves and Designations***

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

The reserve for unclaimed monies represents cash that, under Ohio law, must remain unclaimed for five years before it becomes available for appropriation. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures. The reserve for textbook and instructional materials represents amounts required to be set-aside by statute for the purchase of textbook and instructional materials. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles, but not available for appropriation under State statute.

The School District has a designation of unreserved fund balance on the balance sheet for additional money set-aside by the Board of Education above the reserve for budget stabilization required by State statute.

***O. Net Assets***

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include instructional and support services activities and resources of state and federal grants restricted for specified purposes.

The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

***P. Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Revenues and expenses not meeting this definition are reported as non-operating.

***Q. Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

Caldwell Exempted Village School District, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

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**R. Estimates**

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

**S. Budgetary Process**

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level for all funds of the School District. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The Treasurer has been authorized to further allocate appropriations to the function and object level within each fund. Advances in/out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statement reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the amended certificate in effect at the time final appropriations were passed by the Board of Education.

The appropriation resolution is subject to amendment by the Board of Education throughout the year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from the prior fiscal year. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board of Education during the fiscal year.

**Note 3 - Accountability**

At June 30, 2010, the following funds had deficit fund balances:

<u>Special Revenue Funds</u>	<u>Amount</u>
Food Service	\$2,814
Education Stabilization	48,667
Title II-A	520

These deficits are due to adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Caldwell Exempted Village School District, Ohio  
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**Note 4 - Budgetary Basis of Accounting**

While the School District is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual presented for the General Fund and Food Service Special Revenue 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 GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Fair market value adjustments represent amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.
5. Unrecorded interest and prepaid items are reported on the balance sheet (GAAP basis), but not on the budgetary basis.

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements:

Caldwell Exempted Village School District, Ohio  
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Net Change in Fund Balance

	General Fund	Food Service Fund
GAAP Basis	\$194,206	(\$14,378)
Net Adjustment for Revenue Accruals	13,238	2,297
Increase in Fair Market Value of Investments -		
Beginning of Fiscal Year	7,774	0
Unreported Items - End of Fiscal Year	(234)	0
Prepaid Items:		
Beginning of Fiscal Year	10,861	468
End of Fiscal Year	(9,502)	(374)
Net Adjustment for Expenditure Accruals	(126,574)	1,256
Advance In	180	0
Encumbrances	(153,174)	(790)
Budget Basis	(\$63,225)	(\$11,521)

**Note 5 - Deposits and Investments**

Monies held by the School District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active 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 five 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.

Interim monies held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security 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

Caldwell Exempted Village School District, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

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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 securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) above;
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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. Investments may only be made through specified dealers and institutions.

At June 30, 2010, the School District's internal service fund had a balance of \$1,875,584 with OME-RESA, a claims servicing pool (see Note 16). The balance is held by the claims administrator in a pooled account which is representative of numerous entities and therefore cannot be included in the risk disclosures reported by the School District. Disclosures for the OME-RESA Self-Insurance Plan as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Ohio Mid-Eastern Regional Educational Service Agency Self-Insurance Plan, Treasurer, Jefferson County ESC, Steubenville, Ohio 43695.

**Deposits** Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$52,846 of the School District's bank balance of \$317,071 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledge to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**Investments** As of June 30, 2010, the School District had the following investments. All investments are in an internal investment pool.

Caldwell Exempted Village School District, Ohio  
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	Total Fair Value	Maturity	Percent of Total Investments	Moody's/ S&P Rating	Rating Agency
Federal Home Loan Bank	\$549,828	03/04/11-10/26/11	29.16%	Aaa/AAA	Moody's/S&P
Federal National Mortgage Assoc	180,252	02/23/12	9.56%	Aaa/AAA	Moody's/S&P
Federal Home Loan Bank Discount Notes	150,000	07/13/10	7.95%	Aaa/AAA	Moody's/S&P
Federal National Mortgage Assoc. Discount Notes	124,938	10/25/10	6.62%	Aaa/AAA	Moody's/S&P
StarOhio	880,839	Average 56.0 days	46.71%	AAAm	S&P
Total	<u>\$1,885,857</u>				

**Interest Rate Risk:** The School District's investment policy addresses interest rate risk to the extent that it allows the Treasurer to invest funds to a maximum maturity of five years, and allows for the withdrawal of funds from approved public depositories or sell negotiable instruments prior to maturity in accord with the law. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

**Credit Risk:** STAROhio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that would further limit its investment choices.

**Concentration of Credit Risk:** The School District places no limit on the amount it may invest in any one issuer. The percentage that each investment represents of total investments is listed in the table above.

**Note 6 - Property Taxes**

Property taxes are levied and assessed on a calendar year basis, while the School District's fiscal year runs from July through June. First-half tax 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, public utility and tangible personal property (used in business) located in the school district. Real property tax revenue received in calendar 2010 represents collections of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed value listed as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2010 represents collections of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien December 31, 2008, were levied after April 1, 2009 and are collected with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Caldwell Exempted Village School District, Ohio  
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Tangible personal property tax revenue received during calendar 2010 (other than public utility property tax) represents the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Noble and Washington Counties. The County Treasurers collect property taxes on behalf of all taxing districts in the county, including Caldwell Exempted Village School District. The County Auditors periodically advance to the School District its portion of taxes collected. Second-half real property tax payments collected by the County by June 30, 2010, are available to finance fiscal year 2010 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2010. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations and are reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

At June 30, 2010, \$335,479 was available as an advance in the General Fund. The amount available as an advance at June 30, 2009, was \$308,120 in the General Fund.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue. On a modified accrual basis, the revenue has been deferred.

The assessed values upon which the fiscal year 2010 taxes were collected are:

	2009 First- Half Collections		2010 Second- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$90,789,460	86.74%	\$91,146,780	87.81%
Public Utility Personal	11,222,610	10.72%	12,400,630	11.95%
General Business Personal	2,653,540	2.54%	249,410	0.24%
Total	\$104,665,610	100.00%	\$103,796,820	100.00%
Tax rate per \$1,000 of assessed valuation	\$40.00		\$32.50	

In fiscal year 2010, the tax rate decreased due to a 7.5 mill levy expiring, which had been used to pay for the bonds associated with an Ohio School Facilities project.

Caldwell Exempted Village School District, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

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**Note 7 - Receivables**

Receivables at June 30, 2010, consisted of property taxes, interfund, accounts (billings for user charged services and student fees and tuition), and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables, except property taxes, are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of principal items of intergovernmental receivables follows:

	<u>Amounts</u>
<b>Governmental Activities:</b>	
State Department of Taxation	\$983
Adult Education	130
Lunch and Breakfast Reimbursement	24,206
High Schools That Work	1,638
Special IDEA Part B Grant	64,174
Title I	62,548
ARRA - Title I	34,840
Drug Free Grant	4,386
Title II-A	13,002
Title II-D	1,230
Total	<u><u>\$207,137</u></u>

Caldwell Exempted Village School District, Ohio  
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**Note 8 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
<b>Nondepreciable Capital Assets</b>				
Land	\$381,096	\$0	\$0	\$381,096
<b>Depreciable Capital Assets</b>				
Buildings and Improvements	9,473,513	0	(957,450)	8,516,063
Vehicles	1,202,229	0	(128,111)	1,074,118
Machinery, Equipment, Furniture, and Fixtures	974,052	248,287	(6,456)	1,215,883
Total Capital Assets Being Depreciated	11,649,794	248,287	(1,092,017)	10,806,064
Less Accumulated Depreciation:				
Buildings and Improvements	(4,733,179)	(160,104)	268,412	(4,624,871)
Vehicles	(960,622)	(35,831)	142,071	(854,382)
Machinery, Equipment, Furniture, and Fixtures	(881,183)	(118,970)	6,456	(993,697)
Total Accumulated Depreciation	(6,574,984)	(314,905) *	416,939	(6,472,950)
Total Capital Assets Being Depreciated, Net	5,074,810	(66,618)	(675,078)	4,333,114
Governmental Activities Capital Assets, Net	\$5,455,906	(\$66,618)	(\$675,078)	\$4,714,210

\* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$197,399
Special	3,320
Vocational	1,880
Support Services:	
Pupils	4,229
Instructional Staff	12,714
Administration	25,541
Fiscal	5,114
Operation and Maintenance of Plant	3,799
Pupil Transportation	42,780
Operating of Non-Instructional Services - Food Service	11,517
Extracurricular Activities	6,612
Total Governmental Depreciation	<u>\$314,905</u>

Caldwell Exempted Village School District, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

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**Note 9 - Interfund Transfers and Balances**

Transfers were made during fiscal year 2010 from the General Fund to the Food Service Special Revenue Fund in the amount of \$50,000. This transfer was made to move unrestricted balances to support the food service non-instructional program accounted for in a separate fund.

Unpaid interfund cash advances at June 30, 2010, were as follows:

	Receivables	Payables
General Fund	\$753	\$0
Nonmajor Special Revenue Funds:		
Data Communication	0	573
Title I	0	180
Total Special Revenue Funds	0	753
Total All Funds	\$753	\$753

The Title I payable to the General Fund is due to a cash deficit at June 30, 2010. The remaining interfund receivable/payable is due to lags between the dates the interfund service was provided and when the transaction was recorded in the accounting system and when payments between funds were made.

**Note 10 - Risk Management**

***A. Property and Liability***

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2010, the School District joined together with other school districts in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium to the OSP (see Note 15). In addition, the School District contracted with Westfield Insurance Company and the Hartford Steam Boiler Insurance Company for building, personal property, employee dishonesty, and equipment insurance. During fiscal year 2010, the School District purchased the following coverage:

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Ohio School Plan

Fleet Insurance:

Liability	\$1,000,000	any one accident
Auto Medical Payments	\$5,000	any one accident
Uninsured Motorists	\$50,000	any one accident
Comprehensive	actual cash value	Buses - \$1,000 deductible Other Autos \$250 deductible
Collision	actual cash value	Buses - \$1,000 deductible Other Autos \$500 deductible
Towing and Labor	actual cash value	\$50 deductible
Hired or Borrowed Vehicles	actual cash value	\$250-\$500 deductible

Liability Coverages:

General Liability Aggregate Limit	\$3,000,000	
Employee Liability Coverage Aggregate Limit	\$3,000,000	
Employers' Liability Each Accident	\$1,000,000	
Errors and Omissions Aggregate Limit	\$3,000,000	\$2,500 deductible
Employment Practices Injury Aggregate Limit	\$3,000,000	\$2,500 deductible
Declaratory, Equitable, and Injunctive Relief Defense Aggregate	\$25,000	\$2,500 deductible

Violence Coverage Aggregate Limit \$1,000,000

Westfield Insurance Company

Building and personal property	\$23,780,000	\$1,000 deductible
Football uniforms and equipment	\$25,000	\$500 deductible
Musical Instruments and related equipment	\$170,000	\$500 deductible
Employee Dishonesty	\$10,000	\$500 deductible

Hartford Steam Boiler Insurance Company

Equipment Breakdown Limit	\$8,850,000	\$1,000 deductible
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Travelers Casualty and Surety Company of America

Treasurer Bond	\$40,000	
Superintendent and Board President Bond	\$40,000	each

Settled claims have not exceeded their commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from the prior year.

***B. Workers' Compensation***

The School District pays the State a rate per \$100 of salaries for workers' compensation. The School District contracts with CompManagement, Inc. to provide administrative assistance for workers compensation.

Caldwell Exempted Village School District, Ohio  
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For the Fiscal Year Ended June 30, 2010

***C. Medical/Surgical, Dental, Vision, and Prescription Drug Insurances***

Medical/surgical, dental, vision, and prescription drug insurance is offered through a self-insurance internal service fund. The School District pays all but \$15 per month for single and \$30 for family for classified employees and all but \$25 per month for single and \$50 for family for certified employees in premiums for basic medical insurance. In addition, the School District pays the entire premium for dental and prescription drug coverage and also covers one-half of the cost of vision insurance for all employees. The School District is a member of a claims servicing pool in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The School District's stop loss amount per person is \$35,000 for fiscal year 2010. The claims liability of \$157,274 reported in the internal service fund at June 30, 2010, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by the incremental claims adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the fund's claims liability amount in 2009 and 2010 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2009	\$231,410	\$904,254	\$997,163	\$138,501
2010	138,501	1,264,217	1,245,444	157,274

**Note 11 - Other Employee Benefits**

***A. Compensated Absences***

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators who are contracted to work on an eleven or twelve month basis earn ten to twenty days of vacation per year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers and administrators who work less an eleven or twelve month basis do not earn vacation time. Certified and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 240 days for certified employees and up to 230 days for classified employees. Upon retirement, certified employees receive payment for one-fourth of the total sick leave accumulation up to a maximum of 50 days plus one additional day for every three years spent in the School District. Classified employees, upon retirement, receive a severance payment for one-fourth of the total sick leave accumulation up to 36 total paid days plus one and one-half days for every three years of continuous employment leading up to retirement.

***B. Life Insurance***

The School District provides life insurance and accidental death and dismemberment insurance to employees through MetLife Insurance Company in the amount of \$5,000 for classified employees and \$15,000 for certified employees.

Caldwell Exempted Village School District, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

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**Note 12 - Defined Benefit Pension Plans**

***A. School Employees Retirement System***

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. 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 Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on SERS' website at [www.ohsers.org](http://www.ohsers.org) under employers/audit resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2010, 12.78 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009, and 2008, were \$153,901, \$81,413, and \$80,023, respectively; 48.43 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

***B. State Teachers Retirement System***

Plan Description - The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://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. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

Caldwell Exempted Village School District, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

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The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For the fiscal year ended June 30, 2010, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009, and 2008, were \$389,090, \$349,002, and \$384,928, respectively; 85.27 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2010 were \$473 made by the School District and \$8,040 made by the plan members.

### ***C. Social Security System***

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2010, there are no board members who have elected Social Security.

## **Note 13 - Postemployment Benefits**

### ***A. School Employees Retirement System***

Plan Description – The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Caldwell Exempted Village School District, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

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Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2010, .46 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2010, this amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008, were \$200, \$50,921, and \$61,748, respectively; 100 percent has been contributed for all three fiscal years.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2010, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008, were \$8,072, \$7,213, and \$5,980 respectively; 41.53 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

***B. State Teachers Retirement System***

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008, were \$29,930, \$26,846, and \$29,610, respectively; 85.27 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

Caldwell Exempted Village School District, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

**Note 14 - Long-Term Obligations**

The changes in the School District's long-term obligations during the fiscal year consist of the following:

	Outstanding 06/30/09	Additions	Reductions	Outstanding 06/30/10	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Compensated Absences	\$323,572	\$67,385	\$23,096	\$367,861	\$32,183

Compensated absences will be paid from the General Fund and the Food Service Special Revenue Fund.

The overall debt margin of the School District as of June 30, 2010, was \$9,286,180, with an unvoted debt margin of \$103,797.

**Note 15 - Jointly Governed Organizations and Public Entity Risk Pools**

**A. Jointly Governed Organizations**

The **Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA)** was created as a regional council of governments pursuant to State statutes. OME-RESA includes school districts from 12 participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Monroe, Muskingum, Noble, and Tuscarawas Counties. OME-RESA provides financial accounting services, educational management information, legal services, and cooperative purchasing services to member districts. OME-RESA is governed by a governing board which is selected by the member districts. OME-RESA possesses its own budgeting authority. During fiscal year 2010, the Caldwell Exempted Village School District paid \$52,054 to OME-RESA. Financial statements can be obtained from OME-RESA, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

The **Mid-East Career and Technology Centers** is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the 14 participating school districts' elected boards. The Board possesses its own budgeting and taxing authority. The Board controls the financial activity of the Joint Vocational School District. To obtain financial information write to the Mid-East Career and Technology Centers, Rick White, Treasurer, at 1965 Chandlersville Road, Zanesville, Ohio 45701.

The **Coalition of Rural and Appalachian Schools** is a jointly governed organization composed of 136 school districts and other educational institutions in the 32-county region of Ohio designated as Appalachia. The Coalition is operated by a Board which is composed of seventeen members. One elected and one appointed from each of the seven regions into which the 32 Appalachian counties are divided; and three from Ohio University College of Education. The Coalition provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial

Caldwell Exempted Village School District, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

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responsibility for the Coalition. The School District's membership fee was \$300 for fiscal year 2010. The financial information for the Coalition can be obtained from the Executive Director, at McCracken Hall, Ohio University, Athens, Ohio 45701.

***B. Public Entity Risk Pools***

The School District participates in the **Ohio School Plan (OSP)**, an insurance purchasing pool. The Ohio School Plan (OSP) is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a thirteen member Board of directors consisting of school district superintendents and treasurers, as well as the president of Harcum-Hyre Insurance Agency, Inc. and a partner of the Hylant Group, Inc. Hylant Group, Inc. is the Administrator of the OSP and is responsible for processing claims. Harcum-Hyre Insurance Agency, Inc. is the sales and marketing representative, which establishes agreements between OSP and member schools.

***Risk Sharing, Claims Servicing, and Insurance Purchasing Pool*** The School District participates in the **Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Self-Insurance Plan**, a risk sharing, claims servicing, and insurance purchasing pool comprised of eighty-four members, including two insurance consortiums. Each participant appoints a member of the insurance plans' assembly. The Plans' business and affairs are conducted by a nine member Board of Directors elected from the assembly. The plan offers medical, dental and prescription drug coverage to the members on a self-insured basis, as well as the opportunity to participate in the group purchasing of life insurance coverage. The medical coverage plan provides each plan participant the opportunity to choose a self-insurance deductible limit which can range from \$35,000 to \$100,000 under which the individual member is responsible for all claims through the claims servicing pool. Plan participants also participate in a shared risk internal pool for individual claims between the self-insurance deductible limit and \$500,000, and all claims between the deductible and the \$500,000 are paid from the internal shared risk pool. The internal pool is not owned by the plan participants. All participants pay a premium rate that is actuarially calculated based on the participants' actual claims experience which are utilized for the payment of claims within the claims servicing pool up to the self-insurance deductible limit; and for this portion of the plan, all plan participants retain their own risk. All participants pay an additional fee for participation in the internal pool that is based on the claims of the internal pool in aggregate and is not based on individual claims experience. In the event of a deficiency in the internal pool, participants would be charged a higher rate for participation, and in the event of a surplus, the internal pool pays dividends to the participants. For all individual claims exceeding \$500,000, stop loss coverage is purchased, as well as for an annual total plan aggregate claims amount. All plan participants also pay a monthly administrative fee for fiscal services and third party administrative services. The plan also purchases fully insured life insurance for plan participants provided by Met Life.

**Note 16 - Related Organization**

The **Caldwell Public Library** is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Caldwell Exempted Village School District as presented by the Library. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the School District for operational subsidies. Although the School District does serve as the taxing

Caldwell Exempted Village School District, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

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authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Caldwell Public Library, at 517 Spruce Street, P.O. Box 230, Caldwell, Ohio 43724-0230.

**Note 17 – Contingencies**

***A. Grants***

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2010.

The School District has been approved for \$627,823 Federal Stimulus dollars as part of The American Recovery and Reinvestment Act of 2010. These allocations are primarily to fund special education and early childhood programs. The allocations will be available to fund fiscal year 2011 programs.

***B. Litigation***

The School District is currently party to legal proceedings. The School District is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial condition of the School District.

**Note 18 - Set-Asides**

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

Effective April 10, 2001, through Amended Substitute Senate Bill 345, the requirement for school districts to establish and appropriate money for the budget stabilization was deleted from law. A school district may still establish reserve balance accounts consistent with Section 5705.13, Revised Code, if it so chooses; however, the requirement is no longer mandatory. In addition, any money on hand in a school district's budget reserve set-aside as of April 10, 2001, may, at the discretion of the board, be returned to the school district's general fund or may be left in the account and used by the board to offset any budget deficit the school district may experience in future years. The bill placed special conditions on any Bureau of Workers' Compensation monies remaining in the budget reserve.

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

Caldwell Exempted Village School District, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

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	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Set-aside reserve balance as of June 30, 2009	\$25,958	\$0	\$28,284
Current year set-aside requirement	131,591	131,591	0
Qualifying disbursements	(99,080)	(188,917)	0
Total	<u>\$58,469</u>	<u>(\$57,326)</u>	<u>\$28,284</u>
Set-aside balance carried forward to future fiscal years	<u>\$58,469</u>	<u>\$0</u>	<u>\$28,284</u>
Set-aside reserve balance as of June 30, 2010	<u>\$58,469</u>	<u>\$0</u>	<u>\$28,284</u>

The School District had qualifying disbursements during the fiscal year that reduced the set-aside amount below zero for the capital improvements set-aside. This extra amount may not be carried forward for capital improvements of future years.

**CALDWELL EXEMPTED VILLAGE SCHOOL DISTRICT  
NOBLE COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<b>FEDERAL GRANTOR/ Pass Through Grantor Program Title</b>	Grant Year	Federal CFDA Number	Receipts	Disbursements
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2009/2010	10.555	\$ 16,408	\$ 16,408
Cash Assistance:				
School Breakfast Program	2009/2010	10.553	65,548	65,548
National School Lunch Program	2009/2010	10.555	119,096	119,096
Cash Assistance Subtotal			<u>184,644</u>	<u>184,644</u>
Total Child Nutrition Cluster			<u>201,052</u>	<u>201,052</u>
Total U.S. Department of Agriculture			201,052	201,052
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
<i>Passed Through Ohio Department of Education:</i>				
Title 1 Cluster:				
Title 1 Grants to Local Educational Agencies	2009	84.010	25,856	35,494
	2010		156,355	153,904
Total Title 1 Grants to Local Educational Agencies			<u>182,211</u>	<u>189,398</u>
ARRA - Title 1 Grants to Local Educational Agencies	2010	84.389	19,087	21,713
Total Title 1 Cluster			<u>201,298</u>	<u>211,111</u>
Safe and Drug-Free Schools and Communities - State Grants	2009	84.186	(994)	
	2010		2,918	2,619
Total Safe and Drug-Free Schools and Communities - State Grants			1,924	2,619
Javits Gifted and Talented Students Education Grant Program	2010	84.206	100	100
State Grants for Innovative Programs	2009	84.298	1,758	2,037
Education Technology State Grants				
Education Technology State Grants	2009	84.318	(336)	
	2010		2,500	2,500
Total Education Technology State Grants			2,164	2,500
Improving Teacher Quality State Grants	2009	84.367		7,866
	2010		41,664	40,210
Total Improving Teacher Quality State Grants			41,664	48,076
ARRA - State Fiscal Stabilization Fund - Education State Grants	2010	84.394	269,173	269,173
Special Education Cluster:				
Special Education - Grants to States	2009	84.027	34,807	45,932
	2010		172,438	170,766
Total Special Education - Grants to States			<u>207,245</u>	<u>216,698</u>
ARRA - Special Education - Grants to States	2010	84.391	147,359	147,708
<i>Passed through Ohio Valley Educational Service Center:</i>				
Special Education - Preschool Grants	2010	84.173	10,490	10,490
ARRA - Special Education - Preschool Grants	2010	84.392	6,537	6,537
Total Special Education Cluster			<u>371,631</u>	<u>381,433</u>
Total U.S. Department of Education			<u>889,712</u>	<u>917,049</u>
<b>Total Federal Awards Receipts and Expenditures</b>			<b><u>\$ 1,090,764</u></b>	<b><u>\$ 1,118,101</u></b>

*The Notes to the Federal Awards Receipts and Expenditures Schedule is an integral part of the Schedule.*

**CALDWELL EXEMPTED VILLAGE SCHOOL DISTRICT  
NOBLE COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – CHILD NUTRITION CLUSTER**

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

**NOTE C – FOOD DONATION PROGRAM**

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

**NOTE D – TRANSFERS BETWEEN PROGRAM YEARS**

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. These transfers resulted in the Schedule reporting negative receipts. The School District transferred the following amounts from the 2009 to 2010 programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Transferred From 2009 to 2010</u>
Safe and Drug-Free Schools and Communities State Grants	84.186	\$994
Education Technology State Grants	84.318	336



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Caldwell Exempted Village School District  
Noble County  
516 Fairground Street  
Caldwell, Ohio 43724

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Caldwell Exempted Village School District, Noble County, Ohio (the School District), as of and for the year ended June 30, 2010, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 2, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the School District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the School District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion.

We did note certain matters not requiring inclusion in this report that we reported to the School District's management in a separate letter dated March 2, 2011.

We intend this report solely for the information and use of the audit committee, management, Board of Education, federal awarding agencies and pass-through entities, and others within the School District. We intend it for no one other than these specified parties.

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

**Dave Yost**  
Auditor of State

March 2, 2011



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Caldwell Exempted Village School District  
Noble County  
516 Fairground Street  
Caldwell, Ohio 43724

To the Board of Education:

### Compliance

We have audited the compliance of the Caldwell Exempted Village School District, Noble County, Ohio (the School District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the School District's major federal programs for the year ended June 30, 2010. The Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs identifies the School District's major federal programs. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School District's compliance with those requirements.

In our opinion, the School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying Schedule of Findings and Questioned Costs lists this instance as Finding 2010-001.

### Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency, described in the accompanying Schedule of Findings and Questioned Costs as Finding 2010-001. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a federal program compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

We also noted a matter involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the School District's management in a separate letter dated March 2, 2011.

We intend this report solely for the information and use of the audit committee, management, Board of Education, others within the entity, federal awarding agencies, and pass-through entities. We intend it for no one other than these specified parties.



**Dave Yost**  
Auditor of State

March 2, 2011

**CALDWELL EXEMPTED VILLAGE SCHOOL DISTRICT  
NOBLE COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2010**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	Yes
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under §.510(a)?</b>	Yes
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Special Education Cluster: Special Education – Grants to States – CFDA #84.027 ARRA – Special Education – Grants to States – CFDA #84.391 Special Education – Preschool Grants – CFDA #84.173 ARRA – Special Education – Preschool Grants – CFDA #84.392  ARRA – State Fiscal Stabilization Fund – Education State Grants – CFDA #84.394
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

**CALDWELL EXEMPTED VILLAGE SCHOOL DISTRICT  
NOBLE COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2010  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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No Findings.

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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<b>Finding Number</b>	2010-001
<b>CFDA Title and Number</b>	Special Education Cluster - #84.027/84.391/84.173/84.392 Title I Cluster - #84.010/84.389
<b>Federal Award Number / Year</b>	2010
<b>Federal Agency</b>	U.S. Department of Education
<b>Pass-Through Agency</b>	Ohio Department of Education Ohio Valley Educational Service Center

**Questioned Cost and Significant Deficiency**

2 C.F.R. 225 (formerly known as OMB Circular A-87), Appendix B, paragraph (8)(h)(4) states where employees work on multiple activities or cost objectives, a distribution of their salaries and wages will be supported by personnel activity reports or equivalent documentation. Such documentary support will be required where employees work on:

- More than one federal award;
- A federal award and a non Federal Award.

2 C.F.R. 225, Appendix B, paragraph (8)(h)(5) states that personnel activity reports or equivalent documentation must meet the following standards:

- They must reflect an after the fact distribution of the actual activity of each employee;
- They must account for the total activity for which each employee is compensated;
- They must be prepared at least monthly and must coincide with one or more pay periods; and,
- They must be signed by the employee.

2 C.F.R. 225, Appendix B, paragraph (B)(11) defines a single cost objective as one function, organizational subdivision, contract, grant, or other activity for which cost data are needed and for which costs are incurred.

These requirements are applicable to both Federal and state grants administered from Ohio Department of Education resources.

**CALDWELL EXEMPTED VILLAGE SCHOOL DISTRICT  
NOBLE COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2010  
(Continued)**

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)</b>
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**Questioned Cost and Significant Deficiency (Continued)**

During fiscal year 2010, the School District did not provide any personnel activity reports (timesheets) or equivalent documentation for the Grant Coordinator who was paid \$24,457 from the Special Education, IDEA Part B Fund, \$15,015 from the Title I Fund and the remaining from the General Fund.

The School District is required to provide time and effort documentation for any employee which is paid from more than one source. This time and effort documentation must be contemporaneous and reflective of actual hours worked. A special system designed to meet this requirement is not required if the local entity can provide clear, concise and unambiguous documentation that the standard was met.

Therefore, we have identified \$24,457 of known questioned costs for the Special Education, IDEA Part B Fund, and \$15,015 of known questioned costs for the Title I Fund.

We also determined that one Special Education secretary was paid from the General Fund and the Special Education, IDEA Part B Fund and one Title I secretary was paid from the General Fund and the Title I Fund. Both employees spent 100% of their activities in the Special Education grant and Title I grant. This would meet the single cost objective, allowing these employees to file semi-annual certifications in lieu of personal activity reports. These employees did not have semi-annual certifications or personal activity reports on file for the audit period.

We recommend the School District implement procedures to ensure personal activity reports (timesheets) or equivalent documentation are completed for employees who work on more than one federal award or a federal award and a non-federal award. The Ohio Department of Education could be contacted for guidance as to whether specific circumstances meet the definition of a single cost objective. Semi-annual certifications may be used in lieu of time and effort documentation only in cases where the employee is conducting work under one cost objective and is funded from only one source.

**Officials' Response:**

The District recognizes the requirements regarding employees who work on multiple activities, one of which being a federal award, and accordingly had all certified employees sign ODE's Single Funding Certifications. However, two non-teaching employees were inadvertently excluded from these certifications during FY10, but have since been included beginning in FY11.

The remaining issue – and main issue of the finding – revolves around the District's Grant Coordinator, who works within two (2) federal programs, but was not directed by the District to complete personnel activity reports during FY10. The Treasurer acknowledges that this issue was noted in the management letter of the FY09 fiscal audit. However, not until the FY10 was completed was he made aware of the potential fiscal consequences for the non-completion of personnel activity reports. Additionally, as the Treasurer at his former district, with same audit staff, he was given the same notations in management letters in consecutive years with no findings or insight as to the potential for findings.

When the District was made aware of the severity of the infractions during FY11, it immediately directed its Grant Coordinator to begin completing AOS approved time sheets.

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# Dave Yost • Auditor of State

**CALDWELL EXEMPTED VILLAGE SCHOOL DISTRICT**

**NOBLE COUNTY**

## **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 22, 2011**