



Mary Taylor, CPA
Auditor of State

**CALDWELL EXEMPTED VILLAGE SCHOOL DISTRICT
NOBLE COUNTY**

TABLE OF CONTENTS

| TITLE | PAGE |
|--|-------------|
| Independent Accountants' Report..... | 1 |
| Management's Discussion and Analysis..... | 3 |
| Statement of Net Assets | 11 |
| Statement of Activities..... | 12 |
| Balance Sheet – Governmental Funds | 13 |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds..... | 14 |
| Reconciliation of the Changes in Fund Balances of Governmental Funds To Statement of Activities | 15 |
| Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund | 16 |
| Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – Food Service Fund | 17 |
| Statement of Fund Net Assets – Health Self-Insurance Internal Service Fund..... | 18 |
| Statement of Revenues, Expenses and Changes in Fund Net Assets – Health Self-Insurance Internal Service Fund | 19 |
| Statement of Cash Flows – Health Self-Insurance Internal Service Fund..... | 20 |
| Statement of Fiduciary Assets and Liabilities – Agency Fund | 21 |
| Notes to the Basic Financial Statements | 23 |
| Federal Awards Receipts and Expenditures Schedule..... | 47 |
| Notes to the Federal Awards Receipts and Expenditures Schedule | 48 |
| Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> | 49 |
| Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 | 51 |
| Schedule of Findings – OMB Circular A-133 § .505 | 53 |
| Independent Accountant's Report on Applying Agreed-Upon Procedures..... | 55 |

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Mary Taylor, CPA

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, 2009, 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, 2009, and the respective changes in financial position, and where applicable, cash flows thereof and the 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 11, 2010, 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.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

743 E. State St. / Athens Mall Suite B / Athens, OH 45701-2157
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110
www.auditor.state.oh.us

We conducted our audit to opine on the financial statements that collectively comprise the School District's basic financial statements. The Federal Awards Receipts and Expenditures Schedule is 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. We subjected the Federal Awards Receipts and Expenditures Schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

March 11, 2010

Caldwell Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

Management's Discussion and Analysis (MD&A) provides the reader with a narrative overview and analysis of the Caldwell Exempted Village School District's (School District's) financial activities for the fiscal year ended June 30, 2009. 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 2009 are as follows:

- The assets of the School District exceeded its liabilities at the close of the fiscal year ended June 30, 2009 by \$8,192,456 (net assets).
- Net assets of governmental activities increased \$771,263 from fiscal year 2008.
- General revenues accounted for \$6,938,375 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 \$1,566,636 or 18 percent of total revenues of \$8,505,011.
- The School District had \$7,733,748 in expenses related to governmental activities; only \$1,566,636 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 \$6,938,375 were adequate to provide for these programs.
- The General Fund had \$7,456,955 in revenues and \$6,929,511 in expenditures. The General Fund's fund balance increased by \$483,444. The Food Service Special Revenue Fund had \$327,887 in revenues and \$357,272 in expenditures contributing to the increase in fund balance of \$14,615.
- At the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$1,300,350. Of this amount, \$780,682 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, 2009
Unaudited

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 2009 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 and extracurricular activities.

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
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

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 2009 compared to fiscal year 2008:

Table 1
Net Assets

| | Governmental Activities | | |
|---|-------------------------|--------------------|------------------|
| | 2009 | 2008 | Change |
| Assets | | | |
| Current and Other Assets | \$6,296,225 | \$5,430,079 | \$866,146 |
| Capital Assets | 5,455,906 | 5,537,160 | (81,254) |
| Total Assets | 11,752,131 | 10,967,239 | 784,892 |
| Liabilities | | | |
| Long-Term Liabilities | 323,572 | 356,562 | (32,990) |
| Other Liabilities | 3,236,103 | 3,189,484 | 46,619 |
| Total Liabilities | 3,559,675 | 3,546,046 | 13,629 |
| Net Assets | | | |
| Invested in Capital Assets, Net of Related Debt | 5,455,906 | 5,537,160 | (81,254) |
| Restricted | 488,695 | 553,145 | (64,450) |
| Unrestricted | 2,247,855 | 1,330,888 | 916,967 |
| Total Net Assets | \$8,192,456 | \$7,421,193 | \$771,263 |

Total assets increased \$784,892. This increase was mainly due to an increase in cash and cash equivalents of \$725,564 and an increase in property taxes receivable of \$176,848. The increase in cash and cash equivalents was primarily due to the School District monitoring the cash flow more closely. The increase property taxes receivable is due to the passage of the 12 mill operating levy on November 4, 2008, as certified by the County Auditor. Capital assets decreased \$81,254 due mainly to depreciation, which was offset by additions.

Other liabilities increased \$46,619 mainly due to an increase in intergovernmental payable of \$82,317 and an increase in deferred revenue of \$103,984. The increase in intergovernmental payable was due to the amount owed to the Ohio Valley Educational Service Center for services provided for fiscal year 2009. 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 decreases of \$55,086 in accrued wages and benefits and \$92,909 in claims payable.

Caldwell Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

Table 2 shows the changes in net assets for fiscal year 2009, and comparisons to fiscal year 2008:

Table 2

| | Governmental Activities | | |
|--|-------------------------|--------------------|------------------|
| | 2009 | 2008 | Change |
| Revenues | | | |
| Program Revenues | | | |
| Charges for Services and Sales | \$675,997 | \$598,401 | \$77,596 |
| Operating Grants, Contributions, and Interest | 879,222 | 982,328 | (103,106) |
| Capital Grants, Contributions, and Interest | 11,417 | 38,076 | (26,659) |
| Total Program Revenues | <u>1,566,636</u> | <u>1,618,805</u> | <u>(52,169)</u> |
| General Revenues | | | |
| Property Taxes | 2,402,878 | 1,938,295 | 464,583 |
| Grants and Entitlements | 4,436,798 | 4,187,480 | 249,318 |
| Other | 98,699 | 222,939 | (124,240) |
| Total General Revenues | <u>6,938,375</u> | <u>6,348,714</u> | <u>589,661</u> |
| Total Revenues | <u>8,505,011</u> | <u>7,967,519</u> | <u>537,492</u> |
| Program Expenses | | | |
| Instruction | | | |
| Regular | 3,271,955 | 3,383,637 | (111,682) |
| Special | 791,033 | 806,070 | (15,037) |
| Vocational | 73,409 | 76,132 | (2,723) |
| Adult/Continuing | 5,096 | 5,094 | 2 |
| Intervention | 76,853 | 34,607 | 42,246 |
| Support Services | | | |
| Pupils | 505,501 | 456,662 | 48,839 |
| Instructional Staff | 309,831 | 328,967 | (19,136) |
| Board of Education | 46,574 | 68,873 | (22,299) |
| Administration | 636,319 | 583,800 | 52,519 |
| Fiscal | 288,850 | 278,595 | 10,255 |
| Operation and Maintenance of Plant | 505,175 | 505,039 | 136 |
| Pupil Transportation | 592,519 | 664,200 | (71,681) |
| Operation of Non-Instructional Services | 381,146 | 411,497 | (30,351) |
| Extracurricular Activities | 249,487 | 258,982 | (9,495) |
| Interest | 0 | 4,746 | (4,746) |
| Total Expenses | <u>7,733,748</u> | <u>7,866,901</u> | <u>(133,153)</u> |
| Change in Net Assets | 771,263 | 100,618 | 670,645 |
| Net Assets Beginning of Year - Restated (See Note 3) | <u>7,421,193</u> | <u>7,320,575</u> | <u>100,618</u> |
| Net Assets End of Year | <u>\$8,192,456</u> | <u>\$7,421,193</u> | <u>\$771,263</u> |

Caldwell Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

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 is being phased out beginning in tax year 2006 under the provisions of House Bill 66. The tax on general businesses and railroad property was eliminated in 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. In the first five years, school districts are reimbursed fully for the lost revenue; in the following seven years, the reimbursements are phased out. 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 2008 to fiscal year 2009. This increase was due to increases in property tax revenues in the amount of \$464,583 and grants and entitlements in the amount of \$249,318. Property tax revenues increased due to the increase in tax valuations during fiscal year 2009 combined with the passage of the 12 mill operating levy that was passed on November 4, 2008. The School District began collecting on this levy in January 2009. Total grants and entitlements increased \$249,318 mainly due to the School District's increased amounts in unrestricted grants in aid received as a result of the increase in enrollment from fiscal year 2008 to fiscal year 2009.

Total expenses decreased \$133,153. Regular instruction decreased \$111,682 and pupil transportation decreased \$71,681. Regular instruction decreased as a result of the school district eliminating 7 teaching positions during fiscal year 2009. Pupil transportation decreased as a result of the School District eliminating two bus drivers and routes during fiscal year 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 decreased as the property valuation increases thus generating about the same revenue. Property taxes made up approximately 28 percent of revenues for governmental activities for the School District in fiscal year 2009.

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.

Caldwell Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

Table 3
Governmental Activities

| | Total Cost of Services 2009 | Net Cost of Services 2009 | Total Cost of Services 2008 | Net Cost of Services 2008 |
|---|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| Instruction: | | | | |
| Regular | \$3,271,955 | \$2,884,314 | \$3,383,637 | \$3,060,492 |
| Special | 791,033 | 368,102 | 806,070 | 339,921 |
| Vocational | 73,409 | 37,417 | 76,132 | 24,871 |
| Adult/Continuing | 5,096 | 5,096 | 5,094 | 5,094 |
| Intervention | 76,853 | 76,853 | 34,607 | 34,607 |
| Support Services: | | | | |
| Pupils | 505,501 | 453,305 | 456,662 | 456,126 |
| Instructional Staff | 309,831 | 217,318 | 328,967 | 150,660 |
| Board of Education | 46,574 | 46,574 | 68,873 | 68,873 |
| Administration | 636,319 | 590,714 | 583,800 | 528,440 |
| Fiscal | 288,850 | 288,850 | 278,595 | 278,595 |
| Operation and Maintenance of Plant | 505,175 | 503,702 | 505,039 | 495,907 |
| Pupil Transportation | 592,519 | 568,984 | 664,200 | 628,740 |
| Operation of Non-Instructional Services | 381,146 | 22,827 | 411,497 | 38,711 |
| Extracurricular Activities | 249,487 | 103,056 | 258,982 | 132,313 |
| Interest | 0 | 0 | 4,746 | 4,746 |
| Total Expenses | <u>\$7,733,748</u> | <u>\$6,167,112</u> | <u>\$7,866,901</u> | <u>\$6,248,096</u> |

The dependence upon tax revenues for governmental activities is apparent. Approximately 61 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 \$7,456,955 in revenues, \$6,929,511 in expenditures, and \$44,000 in other financing uses. The General Fund's balance increased \$483,444. The Food Service Special Revenue Fund had \$327,887 in revenues, \$357,272 in expenditures, and \$44,000 in other financing sources. The Food Service Fund's balance increased \$14,615.

General Fund Budgeting Highlights

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

During the course of fiscal year 2009, 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

Caldwell Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

during the year by \$460,000 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 \$7,436,881, below final estimates of \$7,537,780. The budget basis expenditures were \$7,152,921, which represented a change from the final estimate of \$7,514,286. Of this \$361,365 difference, the majority was due to the School District's conservative estimates for expenditures.

The School District's ending General Fund budgetary balance was \$1,040,372.

Capital Assets and Debt Administration

At the end of fiscal year 2009, the School District had \$5,455,906 invested in land, buildings and improvements, vehicles, and machinery, equipment, furniture and fixtures in governmental activities. See Note 9 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, 2009

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| Assets | |
| Equity in Pooled Cash and Cash Equivalents | \$2,017,929 |
| Cash and Cash Equivalents with Fiscal Agents | 1,761,885 |
| Accounts Receivable | 3,202 |
| Intergovernmental Receivable | 129,622 |
| Prepaid Items | 11,329 |
| Materials and Supplies Inventory | 1,942 |
| Inventory Held for Resale | 5,938 |
| Property Taxes Receivable | 2,364,378 |
| Nondepreciable Capital Assets | 381,096 |
| Depreciable Capital Assets, Net | <u>5,074,810</u> |
| Total Assets | <u>11,752,131</u> |
| Liabilities | |
| Accounts Payable | 64,849 |
| Accrued Wages and Benefits Payable | 703,288 |
| Intergovernmental Payable | 374,555 |
| Claims Payable | 138,501 |
| Deferred Revenue | 1,954,910 |
| Long-Term Liabilities: | |
| Due Within One Year | 11,667 |
| Due In More Than One Year | <u>311,905</u> |
| Total Liabilities | <u>3,559,675</u> |
| Net Assets | |
| Invested in Capital Assets | 5,455,906 |
| Restricted for: | |
| Capital Projects | 17,824 |
| Debt Service | 55,534 |
| Budget Stabilization | 28,284 |
| Textbooks and Instructional Materials | 25,958 |
| Unclaimed Monies | 756 |
| Other Purposes | 360,339 |
| Unrestricted | <u>2,247,855</u> |
| Total Net Assets | <u><u>\$8,192,456</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, 2009

| | Program Revenues | | | Governmental Activities | Net (Expense) Revenue and Changes in Net Assets |
|---|--------------------|--------------------------------|---|-------------------------|---|
| | Expenses | Charges for Services and Sales | Operating Grants, Contributions, and Interest | | |
| Governmental Activities | | | | | |
| Instruction: | | | | | |
| Regular | \$3,271,955 | \$320,117 | \$67,524 | \$0 | (\$2,884,314) |
| Special | 791,033 | 0 | 422,931 | 0 | (368,102) |
| Vocational | 73,409 | 0 | 35,992 | 0 | (37,417) |
| Adult/Continuing | 5,096 | 0 | 0 | 0 | (5,096) |
| Intervention | 76,853 | 0 | 0 | 0 | (76,853) |
| Support Services: | | | | | |
| Pupils | 505,501 | 45,836 | 6,360 | 0 | (453,305) |
| Instructional Staff | 309,831 | 0 | 92,513 | 0 | (217,318) |
| Board of Education | 46,574 | 0 | 0 | 0 | (46,574) |
| Administration | 636,319 | 0 | 45,605 | 0 | (590,714) |
| Fiscal | 288,850 | 0 | 0 | 0 | (288,850) |
| Operation and Maintenance of Plant | 505,175 | 1,473 | 0 | 0 | (503,702) |
| Pupil Transportation | 592,519 | 463 | 11,655 | 11,417 | (568,984) |
| Operation of Non-Instructional Services: | | | | | |
| Food Service Operations | 350,478 | 135,313 | 192,106 | 0 | (23,059) |
| External Participation in Internal Service Fund | 30,668 | 30,900 | 0 | 0 | 232 |
| Extracurricular Activities | 249,487 | 141,895 | 4,536 | 0 | (103,056) |
| Total Governmental Activities | <u>\$7,733,748</u> | <u>\$675,997</u> | <u>\$879,222</u> | <u>\$11,417</u> | <u>(6,167,112)</u> |
| General Revenues | | | | | |
| Property Taxes Levied for General Purposes | | | | | 2,402,878 |
| Grants and Entitlements not Restricted to Specific Programs | | | | | 4,436,798 |
| Investment Earnings | | | | | 83,631 |
| Miscellaneous | | | | | 15,068 |
| Total General Revenues | | | | | <u>6,938,375</u> |
| Change in Net Assets | | | | | 771,263 |
| Net Assets Beginning of Year - Restated (See Note 3) | | | | | <u>7,421,193</u> |
| Net Assets End of Year | | | | | <u>\$8,192,456</u> |

See accompanying notes to the basic financial statements

Caldwell Exempted Village School District, Ohio

*Balance Sheet
Governmental Funds
June 30, 2009*

| | General | Food Service | Other Governmental Funds | Total Governmental Funds |
|--|--------------------|-----------------|--------------------------------|-----------------------------|
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$1,241,869 | \$14,208 | \$706,854 | \$1,962,931 |
| Accounts Receivable | 2,867 | 307 | 28 | 3,202 |
| Intergovernmental Receivable | 0 | 23,941 | 105,681 | 129,622 |
| Prepaid Items | 10,861 | 468 | 0 | 11,329 |
| Materials and Supplies Inventory | 0 | 1,942 | 0 | 1,942 |
| Inventory Held for Resale | 0 | 5,938 | 0 | 5,938 |
| Restricted Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | 54,998 | 0 | 0 | 54,998 |
| Property Taxes Receivable | 2,364,378 | 0 | 0 | 2,364,378 |
| Total Assets | <u>\$3,674,973</u> | <u>\$46,804</u> | <u>\$812,563</u> | <u>\$4,534,340</u> |
| Liabilities and Fund Balances | | | | |
| Liabilities | | | | |
| Accounts Payable | \$45,969 | \$950 | \$17,930 | \$64,849 |
| Accrued Wages and Benefits Payable | 614,400 | 25,375 | 63,513 | 703,288 |
| Intergovernmental Payable | 352,106 | 8,915 | 13,534 | 374,555 |
| Deferred Revenue | 2,057,900 | 0 | 33,398 | 2,091,298 |
| Total Liabilities | <u>3,070,375</u> | <u>35,240</u> | <u>128,375</u> | <u>3,233,990</u> |
| Fund Balances | | | | |
| Reserved for Encumbrances | 78,314 | 1,057 | 37,179 | 116,550 |
| Reserved for Unclaimed Monies | 756 | 0 | 0 | 756 |
| Reserved for Budget Stabilization | 28,284 | 0 | 0 | 28,284 |
| Reserved for Textbooks and Instructional Materials | 25,958 | 0 | 0 | 25,958 |
| Reserved for Property Taxes | 308,120 | 0 | 0 | 308,120 |
| Unreserved: | | | | |
| Designated for Budget Stabilization | 40,000 | 0 | 0 | 40,000 |
| Undesignated, Reported in: | | | | |
| General Fund | 123,166 | 0 | 0 | 123,166 |
| Special Revenue Funds | 0 | 10,507 | 306,817 | 317,324 |
| Debt Service Fund | 0 | 0 | 55,534 | 55,534 |
| Capital Projects Funds | 0 | 0 | 284,658 | 284,658 |
| Total Fund Balances | <u>604,598</u> | <u>11,564</u> | <u>684,188</u> | <u>1,300,350</u> |
| Total Liabilities and Fund Balances | <u>\$3,674,973</u> | <u>\$46,804</u> | <u>\$812,563</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. | 5,455,906 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds: | |
| Property Taxes | 101,348 |
| Tuition and Fees | 1,642 |
| Grants | 33,398 |
| Total | <u>136,388</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. | 1,623,384 |
| Compensated absences are not due and payable in the current period and therefore are not reported in the funds. | <u>(323,572)</u> |
| Net Assets of Governmental Activities | <u><u>\$8,192,456</u></u> |

See accompanying notes to the basic financial statements

Caldwell Exempted Village School District, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2009

| | General | Food Service | Other Governmental Funds | Total Governmental Funds |
|--|------------------|-----------------|--------------------------------|--------------------------------|
| Revenues | | | | |
| Property Taxes | \$2,385,755 | \$0 | \$0 | \$2,385,755 |
| Intergovernmental | 4,675,992 | 192,081 | 523,035 | 5,391,108 |
| Investment Earnings | 40,056 | 25 | 282 | 40,363 |
| Tuition and Fees | 318,475 | 0 | 0 | 318,475 |
| Extracurricular Activities | 23,427 | 0 | 164,767 | 188,194 |
| Rentals | 1,473 | 0 | 0 | 1,473 |
| Charges for Services | 0 | 135,313 | 0 | 135,313 |
| Contributions and Donations | 149 | 0 | 5,006 | 5,155 |
| Miscellaneous | 11,628 | 468 | 167 | 12,263 |
| Total Revenues | <u>7,456,955</u> | <u>327,887</u> | <u>693,257</u> | <u>8,478,099</u> |
| Expenditures | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 3,248,728 | 0 | 67,163 | 3,315,891 |
| Special | 549,699 | 0 | 261,607 | 811,306 |
| Vocational | 68,678 | 0 | 0 | 68,678 |
| Adult/Continuing | 5,096 | 0 | 0 | 5,096 |
| Intervention | 61,411 | 0 | 15,442 | 76,853 |
| Support Services: | | | | |
| Pupils | 458,968 | 0 | 55,396 | 514,364 |
| Instructional Staff | 209,959 | 0 | 114,594 | 324,553 |
| Board of Education | 44,327 | 0 | 0 | 44,327 |
| Administration | 599,509 | 0 | 51,220 | 650,729 |
| Fiscal | 313,349 | 0 | 0 | 313,349 |
| Operation and Maintenance of Plant | 503,826 | 0 | 12,765 | 516,591 |
| Pupil Transportation | 741,789 | 0 | 3,858 | 745,647 |
| Operation of Non-Instructional Services: | | | | |
| Food Service Operations | 0 | 357,272 | 0 | 357,272 |
| Extracurricular Activities | 124,172 | 0 | 122,013 | 246,185 |
| Total Expenditures | <u>6,929,511</u> | <u>357,272</u> | <u>704,058</u> | <u>7,990,841</u> |
| Excess of Revenues Over (Under) Expenditures | <u>527,444</u> | <u>(29,385)</u> | <u>(10,801)</u> | <u>487,258</u> |
| Other Financing Source (Use) | | | | |
| Transfers In | 0 | 44,000 | 0 | 44,000 |
| Transfers Out | (44,000) | 0 | 0 | (44,000) |
| Total Other Financing Source (Use) | <u>(44,000)</u> | <u>44,000</u> | <u>0</u> | <u>0</u> |
| Net Change in Fund Balances | 483,444 | 14,615 | (10,801) | 487,258 |
| Fund Balances (Deficit) Beginning of Year | <u>121,154</u> | <u>(3,051)</u> | <u>694,989</u> | <u>813,092</u> |
| Fund Balances End of Year | <u>\$604,598</u> | <u>\$11,564</u> | <u>\$684,188</u> | <u>\$1,300,350</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, 2009

Net Change in Fund Balances - Total Governmental Funds \$487,258

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 | 190,549 | |
| Current Year Depreciation | <u>(271,803)</u> | (81,254) |

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

| | | |
|---------------------------|---------------|----------|
| Grants | (68,851) | |
| Tuition and Fees | 1,642 | |
| Interest | (3,590) | |
| Delinquent Property Taxes | <u>17,123</u> | (53,676) |

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. 32,990

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. 385,945

Change in Net Assets of Governmental Activities \$771,263

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, 2009

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|------------------|--------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Property Taxes | \$1,933,800 | \$2,393,800 | \$2,349,920 | (\$43,880) |
| Intergovernmental | 4,657,755 | 4,717,751 | 4,694,319 | (23,432) |
| Investment Earnings | 85,700 | 85,700 | 38,667 | (47,033) |
| Tuition and Fees | 307,800 | 307,800 | 318,187 | 10,387 |
| Extracurricular Activities | 20,000 | 20,000 | 23,377 | 3,377 |
| Rentals | 150 | 150 | 1,113 | 963 |
| Contributions and Donations | 0 | 0 | 149 | 149 |
| Miscellaneous | 12,579 | 12,579 | 11,149 | (1,430) |
| Total Revenues | <u>7,017,784</u> | <u>7,537,780</u> | <u>7,436,881</u> | <u>(100,899)</u> |
| Expenditures | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 3,497,541 | 3,497,541 | 3,315,808 | 181,733 |
| Special | 621,667 | 691,667 | 602,655 | 89,012 |
| Vocational | 71,063 | 71,063 | 65,983 | 5,080 |
| Adult/Continuing | 5,195 | 5,195 | 7,440 | (2,245) |
| Intervention | 205 | 205 | 46,189 | (45,984) |
| Support Services: | | | | |
| Pupils | 446,886 | 499,886 | 504,631 | (4,745) |
| Instructional Staff | 234,986 | 234,986 | 236,369 | (1,383) |
| Board of Education | 86,302 | 86,302 | 53,208 | 33,094 |
| Administration | 574,620 | 574,620 | 564,608 | 10,012 |
| Fiscal | 312,853 | 328,853 | 317,636 | 11,217 |
| Operation and Maintenance of Plant | 528,326 | 528,326 | 521,806 | 6,520 |
| Pupil Transportation | 797,771 | 860,271 | 784,275 | 75,996 |
| Extracurricular Activities | 135,371 | 135,371 | 132,313 | 3,058 |
| Total Expenditures | <u>7,312,786</u> | <u>7,514,286</u> | <u>7,152,921</u> | <u>361,365</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(295,002)</u> | <u>23,494</u> | <u>283,960</u> | <u>260,466</u> |
| Other Financing Sources (Uses) | | | | |
| Refund of Prior Year Expenditures | 3,000 | 3,000 | 0 | (3,000) |
| Advances In | 0 | 0 | 30,600 | 30,600 |
| Other Financing Uses | (197,000) | (145,500) | 0 | 145,500 |
| Transfers Out | (46,361) | (46,361) | (44,000) | 2,361 |
| Advances Out | 0 | 0 | (30,600) | (30,600) |
| Total Other Financing Sources (Uses) | <u>(240,361)</u> | <u>(188,861)</u> | <u>(44,000)</u> | <u>144,861</u> |
| Net Change in Fund Balance | <u>(535,363)</u> | <u>(165,367)</u> | <u>239,960</u> | <u>405,327</u> |
| Fund Balance Beginning of Year | 412,293 | 412,293 | 412,293 | 0 |
| Prior Year Encumbrances Appropriated | <u>388,119</u> | <u>388,119</u> | <u>388,119</u> | <u>0</u> |
| Fund Balance End of Year | <u>\$265,049</u> | <u>\$635,045</u> | <u>\$1,040,372</u> | <u>\$405,327</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
Food Service Fund
For the Fiscal Year Ended June 30, 2009

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|------------------|-----------------|-----------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$167,900 | \$167,900 | \$151,530 | (\$16,370) |
| Investment Earnings | 50 | 50 | 25 | (25) |
| Charges for Services | 133,935 | 133,935 | 133,050 | (885) |
| Miscellaneous | 3,080 | 3,080 | 331 | (2,749) |
| Total Revenues | 304,965 | 304,965 | 284,936 | (20,029) |
| Expenditures | | | | |
| Current: | | | | |
| Operation of Non-Instructional Services: | | | | |
| Food Service Operations | 378,529 | 378,529 | 345,203 | 33,326 |
| Excess of Revenues Under Expenditures | (73,564) | (73,564) | (60,267) | 13,297 |
| Other Financing Sources | | | | |
| Refund of Prior Year Expenditures | 0 | 0 | 43 | 43 |
| Transfers In | 45,000 | 45,000 | 44,000 | (1,000) |
| Total Other Financing Sources | 45,000 | 45,000 | 44,043 | (957) |
| Net Change in Fund Balance | (28,564) | (28,564) | (16,224) | 12,340 |
| Fund Balance Beginning of Year | 25,130 | 25,130 | 25,130 | 0 |
| Prior Year Encumbrances Appropriated | 3,529 | 3,529 | 3,529 | 0 |
| Fund Balance End of Year | \$95 | \$95 | \$12,435 | \$12,340 |

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, 2009

| | |
|--|---------------------------|
| Current Assets | |
| Cash and Cash Equivalents with Fiscal Agents | \$1,761,885 |
| Current Liabilities | |
| Claims Payable | <u>138,501</u> |
| Net Assets | |
| Unrestricted | <u><u>\$1,623,384</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, 2009*

| | |
|--|---------------------------|
| Operating Revenues | |
| Charges for Services | \$1,546,042 |
| Miscellaneous | <u>2,805</u> |
| Total Operating Revenues | <u>1,548,847</u> |
| Operating Expenses | |
| Purchased Services | 305,531 |
| Claims | <u>904,254</u> |
| Total Operating Expenses | <u>1,209,785</u> |
| Operating Income | 339,062 |
| Non-Operating Revenue | |
| Interest | <u>46,883</u> |
| Change in Net Assets | 385,945 |
| Net Assets Beginning of Year - Restated (See Note 3) | <u>1,237,439</u> |
| Net Assets End of Year | <u><u>\$1,623,384</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, 2009

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities

| | |
|--|------------------|
| Cash Received from Transactions with Other Funds | \$1,515,142 |
| Cash Received from Customers | 30,900 |
| Other Cash Receipts | 2,805 |
| Cash Payments for Goods and Services | (305,531) |
| Cash Payments for Claims | <u>(997,163)</u> |

Net Cash Provided by Operating Activities 246,153

Cash Flows from Investing Activities

| | |
|-------------------------|---------------|
| Interest on Investments | <u>46,883</u> |
|-------------------------|---------------|

Net Increase in Cash and Cash Equivalents 293,036

Cash and Cash Equivalents Beginning of Year 1,468,849

Cash and Cash Equivalents End of Year \$1,761,885

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

Operating Income \$339,062

Decrease in Claims Payable (92,909)

Net Cash Provided by Operating Activities \$246,153

See accompanying notes to the basic financial statements

Caldwell Exempted Village School District, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Fund
June 30, 2009

Assets

Equity in Pooled Cash and Cash Equivalents

\$27,494

Liabilities

Due to Students

\$27,494

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, 2009

Note 1 - Description of the School District and Reporting Entity

The 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 41 classified employees and 59 certificated full-time teaching personnel who provide services to 897 students and other community members. The School District is the 504th 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 public entity risk 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 16 and 17.

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

Caldwell Exempted Village School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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.

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.

Caldwell Exempted Village School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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.

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.

Caldwell Exempted Village School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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 7). 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.

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, 2009, but which were levied to finance fiscal year 2010 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.

Caldwell Exempted Village School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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 2009, 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, 2009.

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 2009 amounted to \$40,056, which includes \$16,703 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, 2009, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

G. 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

Caldwell Exempted Village School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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:

| Description | Governmental Activities Estimated Lives |
|---|--|
| Buildings and Improvements | 5-50 Years |
| Vehicles | 6-15 Years |
| Machinery, Equipment, Furniture, and Fixtures | 5-20 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.

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.

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.

Caldwell Exempted Village School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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 19 for additional information regarding set-asides.

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 is divided into two components. The first component, undesignated fund balance, indicates that portion of fund equity which is available for appropriation in future periods.

The second component, designated fund balance, indicates that portion segregated by the School District for the accumulation of resources for a budget reserve. Fund equity reserves have been established for encumbrances, unclaimed monies, budget stabilization, textbook and instructional materials, 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

Caldwell Exempted Village School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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.

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.

Caldwell Exempted Village School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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 - Change in Accounting Principles and Restatement of Prior Year Balances

A. Changes in Accounting Principles

For fiscal year 2009, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations", GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", and GASB Statement No. 56, "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards".

GASB Statement No. 49 addresses accounting and financial reporting standards for pollution remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The scope of the statement excludes pollution prevention or control obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of an asset, such as landfill closure and postclosure care and nuclear power plant decommissioning. The implementation of this statement did not result in any change to the financial statements.

GASB Statement No. 52 requires endowments, including permanent funds, to report land and other real estate investments at fair value, and to report the changes in fair value as investment income. The implementation of this statement did not result in any change to the financial statements.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's (GASB) authoritative literature. The implementation of this statement did not result in any change to the financial statements.

GASB Statement No. 56 incorporates into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. The implementation of this statement did not result in any change to the financial statements.

B. Restatement of Prior Year Balances

During fiscal year 2009, it was discovered that claims payable were overstated by \$162,820. The Internal Service Fund's net assets at the beginning of the year was restated from \$1,074,619 to \$1,237,439. As a result, the Governmental Activities beginning of the year net assets were restated from \$7,258,373 to \$7,421,193.

Caldwell Exempted Village School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 4 - Accountability

At June 30, 2009, the following funds had deficit fund balances:

| <u>Special Revenue Funds</u> | <u>Amount</u> |
|------------------------------|---------------|
| Student Reading Intervention | \$10 |
| Title II-A | 558 |

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.

Note 5 - 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 Balances - 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
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Net Change in Fund Balance

| | General Fund | Food Service Fund |
|---|-----------------|-------------------------|
| GAAP Basis | \$483,444 | \$14,615 |
| Net Adjustment for Revenue Accruals | (16,296) | (42,908) |
| Increase in Fair Market Value of Investments: | | |
| Beginning of Fiscal Year | 3,996 | 0 |
| End of Fiscal Year | (6,082) | 0 |
| Unreported Interest - End of Fiscal Year | (1,692) | 0 |
| Prepaid Items: | | |
| Beginning of Fiscal Year | 16,440 | 468 |
| End of Fiscal Year | (10,861) | (468) |
| Net Adjustment for Expenditure Accruals | 19,732 | 13,842 |
| Encumbrances | (248,721) | (1,773) |
| Budget Basis | \$239,960 | (\$16,224) |

Note 6 - 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 Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal

Caldwell Exempted Village School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

- 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, 2009, the School District's internal service fund had a balance of \$1,761,885 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, \$106,971 of the School District's bank balance of \$880,363 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, 2009, the School District had the following investments. All investments are in an internal investment pool.

Caldwell Exempted Village School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

| | Total Fair Value | Maturity | Percent of Total Investments | Moody's/ S&P Rating | Rating Agency |
|--|---------------------------|-------------------|------------------------------------|---------------------------|------------------|
| Freddie Mac Discount Notes | \$279,979 | 07/06/09-08/17/09 | 20.22% | Aaa/AAA | Moody's/S&P |
| Fannie Mae Discount Notes | 249,832 | 09/01/09-12/21/09 | 18.05% | Aaa/AAA | Moody's/S&P |
| Federal Home Loan Bank Discount Notes | 174,799 | 12/01/09 | 12.63% | Aaa/AAA | Moody's/S&P |
| StarOhio | 679,654 | Average 58.1 days | 49.10% | AAAm | S&P |
| Total | <u><u>\$1,384,264</u></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 7 - 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 revenues received in calendar year 2009 represents collections of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed value listed as of January 1, 2008, 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 revenues received in calendar year 2009 represent collections of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien on December 31, 2007, were levied after April 1, 2008, and are collected in 2009 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Caldwell Exempted Village School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Tangible personal property tax revenue received in calendar 2009 (other than public utility property tax) represents the collection of calendar year 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. 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, 2009, are available to finance fiscal year 2009 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, 2009. 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, 2009, \$308,120 was available as an advance in the General Fund. The amount available as an advance at June 30, 2008, was \$192,870 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 2009 taxes were collected are:

| | 2008 First- Half Collections | | 2009 Second- Half Collections | |
|---|---------------------------------|---------|----------------------------------|---------|
| | Amount | Percent | Amount | Percent |
| Real Estate | \$77,659,800 | 82.11% | \$90,789,460 | 86.74% |
| Public Utility Personal | 10,967,470 | 11.60% | 11,222,610 | 10.72% |
| General Business Personal | 5,952,048 | 6.29% | 2,653,540 | 2.54% |
| Total | \$94,579,318 | 100.00% | \$104,665,610 | 100.00% |
| Tax rate per \$1,000 of assessed valuation | \$31.20 | | \$40.00 | |

On November 4, 2008, the School District passed a 12 mill operating levy.

Caldwell Exempted Village School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 8 - Receivables

Receivables at June 30, 2009, consisted of property taxes, 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:

| | Amounts |
|-----------------------------------|-----------|
| Governmental Activities: | |
| Lunch and Breakfast Reimbursement | \$23,941 |
| Talented and Gifted | \$1,361 |
| Special IDEA Part B Grant | 53,799 |
| Title I | 42,066 |
| Title V | 1,758 |
| Title VII-D | 1,860 |
| Drug Free Grant | 4,837 |
| Total | \$129,622 |

Note 9 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

| | Balance June 30, 2008 | Additions | Deletions | Balance June 30, 2009 |
|--|--------------------------|-------------|-----------|--------------------------|
| Nondepreciable Capital Assets | | | | |
| Land | \$381,096 | \$0 | \$0 | \$381,096 |
| Depreciable Capital Assets | | | | |
| Buildings and Improvements | 9,446,801 | 26,712 | 0 | 9,473,513 |
| Vehicles | 1,200,552 | 149,446 | (147,769) | 1,202,229 |
| Machinery, Equipment, Furniture, and Fixtures | 1,261,445 | 14,391 | (301,784) | 974,052 |
| Total Capital Assets Being Depreciated | 11,908,798 | 190,549 | (449,553) | 11,649,794 |
| Less Accumulated Depreciation: | | | | |
| Buildings and Improvements | (4,520,505) | (212,674) | 0 | (4,733,179) |
| Vehicles | (1,073,079) | (35,312) | 147,769 | (960,622) |
| Machinery, Equipment, Furniture, and Fixtures | (1,159,150) | (23,817) | 301,784 | (881,183) |
| Total Accumulated Depreciation | (6,752,734) | (271,803) * | 449,553 | (6,574,984) |
| Total Capital Assets Being Depreciated, Net | 5,156,064 | (81,254) | 0 | 5,074,810 |
| Governmental Activities Capital Assets, Net | \$5,537,160 | (\$81,254) | \$0 | \$5,455,906 |

* Depreciation expense was charged to governmental functions as follows:

Caldwell Exempted Village School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

| | |
|--|-------------------------|
| Instruction: | |
| Regular | \$100,915 |
| Special | 29,960 |
| Vocational | 8,853 |
| Support Services: | |
| Pupils | 8,253 |
| Instructional Staff | 5,400 |
| Board of Education | 2,247 |
| Administration | 14,765 |
| Fiscal | 4,871 |
| Operation and Maintenance of Plant | 36,130 |
| Pupil Transportation | 40,939 |
| Non-Instructional Services - Food Service Operations | 13,982 |
| Extracurricular Activities | 5,488 |
| Total Governmental Depreciation | <u><u>\$271,803</u></u> |

Note 10 - Interfund Transfers

Transfers were made during fiscal year 2009 from the General Fund to the Food Service Special Revenue Fund in the amount of \$44,000. This transfer was made to move unrestricted balances to support the food service non-instructional program accounted for in a separate fund.

Note 11 - 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 2009, 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 16). 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 2009, the School District purchased the following coverage:

Caldwell Exempted Village School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

| | | |
|---|-------------------|--|
| <u>Ohio School Plan</u> | | |
| 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 | \$100,000 | \$2,500 deductible |
| Violence Coverage Aggregate Limit | \$1,000,000 | |
| | | |
| <u>Westfield Insurance Company</u> | | |
| Building and personal property | \$23,324,000 | \$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 |
| | | |
| <u>Hartford Steam Boiler Insurance Company</u> | | |
| Equipment Breakdown Limit | \$8,850,000 | \$1,000 deductible |
| | | |
| <u>Travelers Casualty and Surety Company of America</u> | | |
| Treasurer Bond | \$50,000 | |
| 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 Gates McDonald to provide administrative assistance for workers compensation.

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

Caldwell Exempted Village School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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 2009. The claims liability of \$138,501 reported in the internal service fund at June 30, 2009, 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 2008 and 2009 were:

| | <u>Balance at Beginning of Year</u> | <u>Current Year Claims</u> | <u>Claim Payments</u> | <u>Balance at End of Year</u> |
|------|---|--------------------------------|---------------------------|-----------------------------------|
| 2008 | \$409,168 | \$893,075 | \$1,070,833 | \$231,410 |
| 2009 | 231,410 | 904,254 | 997,163 | 138,501 |

Note 12 - 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 220 days for classified employees. Upon retirement, certified employees receive payment for one-fourth of the total sick leave accumulation up to a maximum of 47 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.

Note 13 - 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 and disability 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

Caldwell Exempted Village School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

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 2009, 9.09 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, 2009, 2008, and 2007, were \$81,413, \$80,023, and \$84,920, respectively; 42.42 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

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.

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. 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, 2009, 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. For fiscal year 2008, the portion used to fund pension obligations was also 13 percent. 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

Caldwell Exempted Village School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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, 2009, 2008, and 2007, were \$349,002, \$384,928, and \$406,614, respectively; 84.58 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$369 made by the School District and \$7,753 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, 2009, there are no board members who have elected Social Security.

Note 14 - 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.

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 2009, 4.16 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 2009, 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, 2009, 2008, and 2007, were \$50,921, \$61,748, and \$49,321, respectively; 31.16 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2009, this actuarially required allocation was 0.75 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007

Caldwell Exempted Village School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

were \$7,213, \$5,980, and \$14,092 respectively; 46.38 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

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 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 2009, 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, 2009, 2008, and 2007, were \$26,846, \$29,610, and \$31,278, respectively; 84.58 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

Note 15 - Long-Term Obligations

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

| | Outstanding 06/30/08 | Additions | Reductions | Outstanding 06/30/09 | Amounts Due Within One Year |
|---------------------------------|-------------------------|-----------|------------|-------------------------|-----------------------------------|
| Governmental Activities: | | | | | |
| Compensated Absences | \$356,562 | \$15,557 | (\$48,547) | \$323,572 | \$11,667 |

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, 2009, was \$9,328,496, with an unvoted debt margin of \$104,267.

Note 16 - 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 2009, the School District paid \$25,250 to OME-

Caldwell Exempted Village School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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 Career Center. 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 134 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 responsibility for the Coalition. The School District's membership fee was \$300 for fiscal year 2009. The financial information for the Coalition can be obtained from Dick Fisher, 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 \$400,000, and all claims between the deductible and the \$400,000 are paid from the internal shared risk pool. The internal pool is not owned by the plan participants. All

Caldwell Exempted Village School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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 \$400,000, 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 17 - 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 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 18 – 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, 2009.

The School District has been approved for \$474,681 Federal Stimulus dollars as part of The American Recovery and Reinvestment Act of 2009. These allocations are primarily to fund special education and early childhood programs. The allocations will be available to fund fiscal year 2010 programs.

B. Litigation

The School District is currently not party to any legal proceedings.

Note 19 - 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.

Caldwell Exempted Village School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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.

| | Textbooks | Capital Improvements | Budget Stabilization |
|---|-----------------|-------------------------|-------------------------|
| Set-aside reserve balance as of June 30, 2008 | \$32,410 | \$0 | \$28,284 |
| Current year set-aside requirement | 121,020 | 121,020 | 0 |
| Current year offsets | 0 | (20,591) | 0 |
| Qualifying disbursements | (127,472) | (149,446) | 0 |
| Total | <u>\$25,958</u> | <u>(\$49,017)</u> | <u>\$28,284</u> |
| Set-aside balance carried forward to future fiscal years | <u>\$25,958</u> | <u>\$0</u> | <u>\$28,284</u> |
| Set-aside reserve balance as of June 30, 2009 | <u>\$25,958</u> | <u>\$0</u> | <u>\$28,284</u> |

The School District had qualifying disbursements and offsets during the fiscal year that reduced the set-aside amount to below zero for 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, 2009**

| FEDERAL GRANTOR/ Pass Through Grantor Program Title | Grant Year | Federal CFDA Number | Receipts | Disbursements |
|--|---------------|---------------------------|--------------------------|--------------------------|
| <u>U.S. DEPARTMENT OF AGRICULTURE</u> | | | | |
| <i>Passed Through Ohio Department of Education:</i> | | | | |
| Child Nutrition Cluster: | | | | |
| Non-Cash Assistance (Food Distribution): | | | | |
| National School Lunch Program | 2008/2009 | 10.555 | \$ 18,879 | \$ 18,879 |
| Cash Assistance: | | | | |
| School Breakfast Program | 2008/2009 | 10.553 | 47,630 | 47,630 |
| National School Lunch Program | 2008/2009 | 10.555 | 97,099 | 97,099 |
| Cash Assistance Subtotal | | | <u>144,729</u> | <u>144,729</u> |
| Total Child Nutrition Cluster | | | <u>163,608</u> | <u>163,608</u> |
| Total U.S. Department of Agriculture | | | 163,608 | 163,608 |
| <u>U.S. DEPARTMENT OF EDUCATION</u> | | | | |
| <i>Passed Through Ohio Department of Education:</i> | | | | |
| Title I Grants to Local Educational Agencies | 2008 2009 | 84.010 | 9,169 <u>139,185</u> | 28,915 <u>129,546</u> |
| Total Title I Grants to Local Educational Agencies | | | <u>148,354</u> | <u>158,461</u> |
| Safe and Drug-Free Schools and Communities State Grants | 2008 2009 | 84.186 | (2,144) <u>2,466</u> | 28 <u>1,472</u> |
| Total Safe and Drug-Free Schools and Communities State Grants | | | <u>322</u> | <u>1,500</u> |
| State Grants for Innovative Programs | 2008 2009 | 84.298 | (210) <u>279</u> | <u>0</u> |
| Total State Grants for Innovative Programs | | | <u>69</u> | <u>0</u> |
| Education Technology State Grants | 2008 2009 | 84.318 | (170) <u>336</u> | <u>0</u> |
| Total Education Technology State Grants | | | <u>166</u> | <u>0</u> |
| Improving Teacher Quality State Grants | 2008 2009 | 84.367 | 1,465 <u>54,217</u> | 6,206 <u>46,351</u> |
| Total Improving Teacher Quality State Grants | | | <u>55,682</u> | <u>52,557</u> |
| Special Education Cluster: | | | | |
| Special Education Grants to States | 2008 2009 | 84.027 | 9,294 <u>207,888</u> | 44,681 <u>196,763</u> |
| Total Special Education Grants to States | | | <u>217,182</u> | <u>241,444</u> |
| <i>Passed Through Ohio Valley Educational Service Center:</i> | | | | |
| Special Education - Preschool Grants | 2009 | 84.173 | <u>10,366</u> | <u>10,366</u> |
| Total Special Education Cluster | | | <u>227,548</u> | <u>251,810</u> |
| Total U.S. Department of Education | | | <u>432,141</u> | <u>464,328</u> |
| Total Federal Awards Receipts and Expenditures | | | <u>\$ 595,749</u> | <u>\$ 627,936</u> |

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, 2009**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Caldwell Exempted Village School District's (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 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 2008 to 2009 programs:

| <u>Program Title</u> | <u>CFDA Number</u> | <u>Amount Transferred From 2008 to 2009</u> |
|---|--------------------|---|
| Safe and Drug-Free Schools and Communities State Grants | 84.186 | \$2,144 |
| State Grants for Innovative Programs | 84.298 | 210 |
| Education Technology State Grants | 84.318 | 170 |



Mary Taylor, CPA

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, 2009, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 11, 2010. 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 expressing our opinions on the financial statements, but not to opine 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 control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the School District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the School District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be 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.

We noted certain matters that we reported to the School District's management in a separate letter dated March 11, 2010.

743 E. State St. / Athens Mall Suite B / Athens, OH 45701-2157
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110
www.auditor.state.oh.us

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. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the School District's management in a separate letter dated March 11, 2010.

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. We intend it for no one other than these specified parties.



Auditor of State

March 11, 2010



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH 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 apply to its major federal program for the year ended June 30, 2009. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the School District's major federal program. 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 contained in *Government Auditing Standards* issued by the Comptroller General of the United States; 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 types of 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 apply to its major federal program for the year ended June 30, 2009. In a separate letter to the School District's management dated March 11, 2010, we reported an other matter related to federal noncompliance not requiring inclusion in this report.

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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

A control deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School District's ability to administer a federal program such that there is more than a remote likelihood that the School District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the School District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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 that might be 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.

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. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

March 11, 2010

**CALDWELL EXEMPTED VILLAGE SCHOOL DISTRICT
NOBLE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2009**

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|---------------------|---|---|
| <i>(d)(1)(i)</i> | Type of Financial Statement Opinion | Unqualified |
| <i>(d)(1)(ii)</i> | Were there any material control weakness conditions reported at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(ii)</i> | Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(iii)</i> | Was there any reported material noncompliance at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(iv)</i> | Were there any material internal control weakness conditions reported for major federal programs? | No |
| <i>(d)(1)(iv)</i> | Were there any other significant deficiencies in internal control reported for major federal programs? | No |
| <i>(d)(1)(v)</i> | Type of Major Programs' Compliance Opinion | Unqualified |
| <i>(d)(1)(vi)</i> | Are there any reportable findings under §.510? | No |
| <i>(d)(1)(vii)</i> | Major Programs (list): | Nutrition Cluster: School Breakfast Program – CFDA #10.553 National School Lunch Program – CFDA #10.555 |
| <i>(d)(1)(viii)</i> | Dollar Threshold: Type A/B Programs | Type A: > \$300,000 Type B: all others |
| <i>(d)(1)(ix)</i> | Low Risk Auditee? | Yes |

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Caldwell Exempted Village School District
Noble County
516 Fairground Street
Caldwell, Ohio 45724

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board of Education, solely to assist the Board in evaluating whether the Caldwell Exempted Village School District, Noble County, Ohio (the School District), has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on December 13, 2007.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - (3) A procedure for reporting prohibited incidents;
 - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;

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- (6) A procedure for documenting any prohibited incident that is reported;
- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Education and is not intended to be and should not be used by anyone other than this specified party.



Mary Taylor, CPA
Auditor of State

March 11, 2010



Mary Taylor, CPA
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 25, 2010