



Dave Yost • Auditor of State

**CALDWELL EXEMPTED VILLAGE SCHOOL DISTRICT
NOBLE COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

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, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the School District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective 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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplemental and Other Information

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

The Schedule of Federal Award Receipts and Expenditures (the Schedule) presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is not a required part of the financial statements.

The Schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this Schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2015, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State

Columbus, Ohio

February 17, 2015

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Caldwell Exempted Village School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

The discussion and analysis of the Caldwell Exempted Village School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2014 are as follows:

- Total net position of the School District increased by \$1,424,667. Restricted net position decreased by \$43,384. Unrestricted net position increased by \$1,640,203.
- General revenues accounted for \$8,578,842 in revenues or 84 percent of all revenues. Program specific revenues in the form of charges for services and sales, operating grants, contributions, and interest accounted for \$1,665,683 or 16 percent of total revenues of \$10,244,525.
- The School District had \$8,819,858 in expenses related to governmental activities; only \$1,665,683 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 \$8,578,842 were adequate to provide for these programs.
- The School District's major fund was the General Fund. The General Fund had revenues in the amount of \$8,850,749 and expenditures in the amount of \$7,594,167. The General Fund's balance increased in the amount of \$1,236,582.

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 Position 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 with all other non-major funds presented in total in one column. In the case of the School District, the General Fund is by far the most significant fund.

Government-Wide Financial Statements

Statement of Net Position 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 2014 fiscal year?"

Caldwell Exempted Village School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

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

In the Statement of Net Position and the Statement of Activities, all of the School District's programs and services are reported as Governmental Activities including instruction, support services, operation of non-instructional services, extracurricular activities, and interest.

Reporting the School District's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The analysis of the School District's major fund begins on page 10. 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 only major governmental fund is the General 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 fiscal 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 Position 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 Self-Insurance Internal Service Fund. However, the activity of this fund is combined with the Governmental Activities on the entity wide financial statements.

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.

Caldwell Exempted Village School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for fiscal year 2014 compared to fiscal year 2013:

Table 1
Net Position

	Governmental Activities		
	2014	2013	Change
Assets			
Current and Other Assets	\$8,412,255	\$6,767,660	\$1,644,595
Capital Assets, Net	3,746,226	3,921,750	(175,524)
<i>Total Assets</i>	<u>12,158,481</u>	<u>10,689,410</u>	<u>1,469,071</u>
Liabilities			
Current and Other Liabilities	1,143,261	1,233,005	(89,744)
Long-term Liabilities	321,811	321,966	(155)
<i>Total Liabilities</i>	<u>1,465,072</u>	<u>1,554,971</u>	<u>(89,899)</u>
Deferred Inflows of Resources			
Property Taxes	<u>2,109,257</u>	<u>1,974,954</u>	<u>134,303</u>
Net Position			
Net Investment in Capital Assets	3,740,231	3,912,383	(172,152)
Restricted	343,400	386,784	(43,384)
Unrestricted	4,500,521	2,860,318	1,640,203
<i>Total Net Position</i>	<u>\$8,584,152</u>	<u>\$7,159,485</u>	<u>\$1,424,667</u>

Total assets of governmental activities increased \$1,469,071. Current and other assets increased \$1,644,595. Current assets increased primarily due to an increase in cash and cash equivalents of \$697,853, an increase in accounts receivable of 226,337, and an increase in property taxes receivable of \$790,484. The increase in accounts receivable was mainly due to the School District receiving a signing bonus from entering into an Oil and Gas Lease. The increase in property taxes receivable was due to the voters of the School District approving a 19 mill continuing levy that replaced an expiring 12 mill levy, with an increase of 7 mills. The increase in cash and cash equivalents was primarily due to the School District monitoring the cash flow more closely and from the increase in property taxes revenue. These increases were offset by the \$175,524 decrease in capital assets due to current year depreciation exceeding capital asset additions.

Liabilities did not change significantly. Other Liabilities decreased \$89,744. Property taxes not levied to finance current year operations increased \$134,303 for the same reason property taxes receivable increased.

Caldwell Exempted Village School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Table 2 shows the changes in net position for fiscal year 2014 and comparisons to fiscal year 2013:

Table 2
Changes in Net Position

	Governmental Activities		
	2014	2013	Change
Revenues			
Program Revenues			
Charges for Services and Sales	\$592,457	\$593,162	(\$705)
Operating Grants, Contributions, and Interest	1,063,226	983,468	79,758
Capital Grants, Contributions, and Interest	10,000	0	10,000
Total Program Revenues	1,665,683	1,576,630	89,053
General Revenues			
Property Taxes	3,674,673	2,712,773	961,900
Grants and Entitlements	4,623,659	4,356,056	267,603
Interest	7,769	13,953	(6,184)
Contributions and Donations	27,001	0	27,001
Other	245,740	52,693	193,047
Total General Revenues	8,578,842	7,135,475	1,443,367
Total Revenues	10,244,525	8,712,105	1,532,420
Program Expenses			
Instruction			
Regular	3,835,859	4,030,686	(194,827)
Special	1,309,842	764,207	545,635
Vocational	78,103	71,117	6,986
Adult/Continuing	7,355	5,304	2,051
Intervention	0	764	(764)
Support Services			
Pupils	477,040	441,544	35,496
Instructional Staff	166,535	647,753	(481,218)
Board of Education	79,860	59,834	20,026
Administration	666,509	632,004	34,505
Fiscal	337,234	334,013	3,221
Business	2,485	0	2,485
Operation and Maintenance of Plant	549,897	522,620	27,277
Pupil Transportation	632,415	577,092	55,323
Operation of Non-Instructional Services	434,275	455,705	(21,430)
Extracurricular Activities	241,381	291,380	(49,999)
Interest	1,068	1,494	(426)
Total Expenses	8,819,858	8,835,517	(15,659)
Change in Net Position	1,424,667	(123,412)	1,548,079
Net Position Beginning of Year	7,159,485	7,282,897	(123,412)
Net Position End of Year	\$8,584,152	\$7,159,485	\$1,424,667

Caldwell Exempted Village School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Total revenues increased \$1,532,420 in fiscal year 2014 from fiscal year 2013. This increase was mainly due to the School District entering into an Oil and Gas Lease and the voters of the School district approving a 19 mill continuing levy that replaced an expiring 12 mill levy, with an increase of 7 mills. Other fluctuations in revenues were generally insignificant. Total expenses decreased \$15,659.

The DeRolph III decision has not eliminated the dependence on property taxes. Inflation alone will not increase the amount of funds generated by a tax levy. Basically, the mills collected decrease as the property valuation increases thus generating approximately the same revenue, exclusive of new construction and inside millage. Property taxes made up approximately 36% of revenues for governmental activities for the School District in fiscal year 2014.

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

Table 3
Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2014	2014	2013	2013
Program Expenses				
Instruction:				
Regular	\$3,835,859	\$3,507,384	\$4,030,686	\$3,709,012
Special	1,309,842	710,652	764,207	303,535
Vocational	78,103	36,257	71,117	34,583
Adult/Continuing	7,355	7,355	5,304	5,304
Intervention	0	0	764	764
Support Services:				
Pupils	477,040	433,552	441,544	401,863
Instructional Staff	166,535	41,649	647,753	517,213
Board of Education	79,860	79,860	59,834	59,834
Administration	666,509	665,052	632,004	584,750
Fiscal	337,234	337,234	334,013	334,013
Business	2,485	2,485	0	0
Operation and Maintenance of Plant	549,897	528,241	522,620	522,305
Pupil Transportation	632,415	627,594	577,092	573,453
Operation of Non-Instructional Services	434,275	78,968	455,705	76,605
Extracurricular Activities	241,381	96,824	291,380	134,159
Interest	1,068	1,068	1,494	1,494
Total	\$8,819,858	\$7,154,175	\$8,835,517	\$7,258,887

The dependence upon tax revenues for governmental activities is apparent. Approximately 81 percent of instruction activities are supported primarily by taxes, unrestricted grants and entitlements, and other general revenues.

Caldwell Exempted Village School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

The School District's Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$9,821,884 and expenditures of \$8,584,721. The School District continued to focus its efforts to monitor expenditures, with modest increases in supply and purchased services budgets, as well as maintaining current personnel staffing levels.

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 2014, 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.

For the General Fund, budget basis revenue was \$8,294,790, slightly above final estimates of \$8,198,734. Original estimated revenues were increased \$472,125 mainly for property taxes and intergovernmental revenues.

Original appropriations plus prior year encumbrances were \$7,981,807. Original appropriations equaled final appropriations. Actual expenditures were under appropriations by \$215,414 due to the School District monitoring their spending during fiscal year 2014.

The School District's ending General Fund budgetary balance was \$1,358,712.

Capital Assets and Debt Administration

At the end of fiscal year 2014, the School District had \$3,746,226 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 one capital lease outstanding. See Notes 16 and 17 for more information on the School District's long-term liabilities.

Current Issues

On April 30, 2014, the School District was released from Fiscal Caution by the Ohio Department of Education, after passing a 19-mill continuing levy. Collections on this levy began in January, 2014. The full effect of this revenue increase will occur during fiscal year 2015. Additionally, the School District is replacing 15-20% of its teaching staff at the end of fiscal year 2015 due to retirements, resulting from changes in the State Teachers Retirement System's method of calculating pension benefits for retirees.

Caldwell Exempted Village School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

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 Position

June 30, 2014

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,910,791
Cash and Cash Equivalents with Fiscal Agents	1,532,441
Accounts Receivable	229,761
Intergovernmental Receivable	321,058
Prepaid Items	22,473
Materials and Supplies Inventory	1,527
Inventory Held for Resale	13,550
Property Taxes Receivable	4,380,654
Nondepreciable Capital Assets	381,096
Depreciable Capital Assets, Net	<u>3,365,130</u>
Total Assets	<u>12,158,481</u>
Liabilities	
Accounts Payable	40,283
Accrued Wages and Benefits Payable	728,470
Intergovernmental Payable	230,335
Matured Compensated Absences Payable	16,337
Claims Payable	127,836
Long-Term Liabilities:	
Due Within One Year	54,467
Due In More Than One Year	<u>267,344</u>
Total Liabilities	<u>1,465,072</u>
Deferred Inflows of Resources	
Property Taxes	<u>2,109,257</u>
Net Position	
Net Investment in Capital Assets	3,740,231
Restricted for:	
Capital Projects	17,887
Food Service	38,683
Student Activities	28,719
State Programs	2,015
Federal Programs	175,094
Unclaimed Monies	270
Other Purposes	80,732
Unrestricted	<u>4,500,521</u>
Total Net Position	<u><u>\$8,584,152</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, 2014

	Expenses	Program Revenues		Capital Grants, Contributions, and Interest	Net (Expense) Revenue and Changes in Net Position
		Charges for Services and Sales	Operating Grants, Contributions, and Interest		
Governmental Activities					
Instruction:					
Regular	\$3,835,859	\$281,459	\$47,016	\$0	(3,507,384)
Special	1,309,842	0	599,190	0	(710,652)
Vocational	78,103	0	41,846	0	(36,257)
Adult/Continuing	7,355	0	0	0	(7,355)
Support Services:					
Pupils	477,040	36,236	7,252	0	(433,552)
Instructional Staff	166,535	0	124,886	0	(41,649)
Board of Education	79,860	0	0	0	(79,860)
Administration	666,509	0	1,457	0	(665,052)
Fiscal	337,234	0	0	0	(337,234)
Business	2,485	0	0	0	(2,485)
Operation and Maintenance of Plant	549,897	0	11,656	10,000	(528,241)
Pupil Transportation	632,415	1,057	3,764	0	(627,594)
Operation of Non-Instructional Services:					
Food Service Operations	342,112	122,027	207,997	0	(12,088)
External Participation in Internal Service Fund	90,509	23,796	0	0	(66,713)
Community Services	1,654	0	1,487	0	(167)
Extracurricular Activities	241,381	127,882	16,675	0	(96,824)
Interest	1,068	0	0	0	(1,068)
Total Governmental Activities	\$8,819,858	\$592,457	\$1,063,226	\$10,000	(7,154,175)
General Revenues					
Property Taxes Levied for General Purposes					3,674,673
Grants and Entitlements not Restricted to Specific Programs					4,623,659
Interest					7,769
Donations not Restricted to Specific Programs					27,001
Miscellaneous					245,740
Total General Revenues					8,578,842
Change in Net Position					1,424,667
Net Position Beginning of Year					7,159,485
Net Position End of Year					\$8,584,152

See accompanying notes to the basic financial statements

Caldwell Exempted Village School District, Ohio

Balance Sheet

Governmental Funds

June 30, 2014

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,505,590	\$404,931	\$1,910,521
Accounts Receivable	229,757	4	229,761
Interfund Receivable	173	0	173
Intergovernmental Receivable	99,111	221,947	321,058
Prepaid Items	20,433	2,040	22,473
Materials and Supplies Inventory	0	1,527	1,527
Inventory Held for Resale	0	13,550	13,550
Property Taxes Receivable	4,380,654	0	4,380,654
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	<u>270</u>	<u>0</u>	<u>270</u>
Total Assets	<u><u>\$6,235,988</u></u>	<u><u>\$643,999</u></u>	<u><u>\$6,879,987</u></u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$38,154	\$2,129	\$40,283
Accrued Wages and Benefits Payable	643,549	84,921	728,470
Interfund Payable	0	173	173
Intergovernmental Payable	207,834	22,501	230,335
Matured Compensated Absences Payable	<u>16,337</u>	<u>0</u>	<u>16,337</u>
Total Liabilities	<u>905,874</u>	<u>109,724</u>	<u>1,015,598</u>
Deferred Inflows of Resources			
Property Taxes	2,109,257	0	2,109,257
Unavailable Revenue	<u>1,178,523</u>	<u>164,193</u>	<u>1,342,716</u>
Total Deferred Inflows of Resources	<u>3,287,780</u>	<u>164,193</u>	<u>3,451,973</u>
Fund Balances			
Nonspendable	20,703	3,567	24,270
Restricted	0	176,943	176,943
Assigned	1,478,417	191,145	1,669,562
Unassigned	<u>543,214</u>	<u>(1,573)</u>	<u>541,641</u>
Total Fund Balances	<u>2,042,334</u>	<u>370,082</u>	<u>2,412,416</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u><u>\$6,235,988</u></u>	<u><u>\$643,999</u></u>	<u><u>\$6,879,987</u></u>

See accompanying notes to the basic financial statements

Caldwell Exempted Village School District, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2014*

Total Governmental Fund Balances		\$2,412,416
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		3,746,226
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the funds:		
Delinquent Property Taxes	1,155,654	
Intergovernmental Revenue	186,162	
Tuition and Fees	900	1,342,716
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal fund are included in governmental activities in the statement of net position.		1,404,605
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Compensated Absences Payable	(315,816)	
Capital Lease Payable	(5,995)	(321,811)
Net Position of Governmental Activities		\$8,584,152

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, 2014

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	\$3,284,189	\$0	\$3,284,189
Intergovernmental	4,952,431	721,485	5,673,916
Interest	2,558	33	2,591
Tuition and Fees	281,744	0	281,744
Extracurricular Activities	56,963	108,212	165,175
Charges for Services	0	122,027	122,027
Contributions and Donations	29,766	16,736	46,502
Miscellaneous	243,098	2,642	245,740
Total Revenues	8,850,749	971,135	9,821,884
Expenditures			
Current:			
Instruction:			
Regular	3,761,366	45,792	3,807,158
Special	936,090	369,899	1,305,989
Vocational	79,241	0	79,241
Adult/Continuing	7,355	0	7,355
Support Services:			
Pupils	433,786	6,209	439,995
Instructional Staff	86,724	84,566	171,290
Board of Education	79,860	0	79,860
Administration	607,679	1,457	609,136
Fiscal	354,832	0	354,832
Business	2,485	0	2,485
Operation and Maintenance of Plant	533,416	37,366	570,782
Pupil Transportation	560,191	0	560,191
Operation of Non-Instructional Services	4,403	341,932	346,335
Extracurricular Activities	142,299	103,333	245,632
Debt Service:			
Principal Retirement	3,372	0	3,372
Interest and Fiscal Charges	1,068	0	1,068
Total Expenditures	7,594,167	990,554	8,584,721
Excess of Revenues Over (Under) Expenditures	1,256,582	(19,419)	1,237,163
Other Financing Sources (Uses)			
Transfers In	0	20,000	20,000
Transfers Out	(20,000)	0	(20,000)
Total Other Financing Sources (Uses)	(20,000)	20,000	0
Net Change in Fund Balances	1,236,582	581	1,237,163
Fund Balances Beginning of Year	805,752	369,501	1,175,253
Fund Balances End of Year	<u>\$2,042,334</u>	<u>\$370,082</u>	<u>\$2,412,416</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, 2014

Net Change in Fund Balances - Total Governmental Funds \$1,237,163

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	39,152	
	Current Year Depreciation	<u>(213,776)</u>	(174,624)

Capital Assets removed from the capital asset account on the statement of net position results in a gain or loss on disposal of capital assets on the statement of activities. (900)

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

	Delinquent Property Taxes	390,484	
	Intergovernmental Revenue	3,440	
	Tuition and Fees	<u>(285)</u>	393,639

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 3,372

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. (3,217)

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. (30,766)

Change in Net Position of Governmental Activities \$1,424,667

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, 2014

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property Taxes	\$2,855,000	\$3,010,000	\$3,018,492	\$8,492
Intergovernmental	4,568,000	4,854,720	4,937,546	82,826
Interest	3,030	3,030	2,609	(421)
Tuition and Fees	273,500	280,500	281,585	1,085
Extracurricular Activities	19,500	19,500	19,670	170
Contributions and Donations	0	23,280	23,281	1
Miscellaneous	7,579	7,704	11,607	3,903
Total Revenues	<u>7,726,609</u>	<u>8,198,734</u>	<u>8,294,790</u>	<u>96,056</u>
Expenditures				
Current:				
Instruction:				
Regular	4,078,509	3,878,509	3,802,184	76,325
Special	766,292	931,292	915,357	15,935
Vocational	95,339	103,339	108,581	(5,242)
Adult/Continuing	6,500	6,500	7,355	(855)
Intervention	1,425	1,425	0	1,425
Support Services:				
Pupils	353,224	420,224	400,374	19,850
Instructional Staff	167,958	176,958	151,771	25,187
Board of Education	60,879	85,879	84,187	1,692
Administration	693,427	659,427	640,420	19,007
Fiscal	363,337	363,337	357,791	5,546
Business	3	3	2,485	(2,482)
Operation and Maintenance of Plant	591,828	591,828	565,948	25,880
Pupil Transportation	646,111	606,111	585,077	21,034
Operation of Non-Instructional Services	3,875	3,875	3,896	(21)
Extracurricular Activities	153,100	153,100	140,967	12,133
Total Expenditures	<u>7,981,807</u>	<u>7,981,807</u>	<u>7,766,393</u>	<u>215,414</u>
Excess of Revenues Over (Under) Expenditures	<u>(255,198)</u>	<u>216,927</u>	<u>528,397</u>	<u>311,470</u>
Other Financing Sources (Uses)				
Refund of Prior Year Expenditures	5,000	33,000	33,879	879
Transfers Out	(25,000)	(25,000)	(20,000)	5,000
Total Other Financing Sources (Uses)	<u>(20,000)</u>	<u>8,000</u>	<u>13,879</u>	<u>5,879</u>
Net Change in Fund Balance	(275,198)	224,927	542,276	317,349
Fund Balance Beginning of Year	667,804	667,804	667,804	0
Prior Year Encumbrances Appropriated	148,632	148,632	148,632	0
Fund Balance End of Year	<u>\$541,238</u>	<u>\$1,041,363</u>	<u>\$1,358,712</u>	<u>\$317,349</u>

See accompanying notes to the basic financial statements

Caldwell Exempted Village School District, Ohio
Statement of Fund Net Position
Health Self-Insurance Internal Service Fund
June 30, 2014

Current Assets

Cash and Cash Equivalents with Fiscal Agents	\$1,532,441
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Current Liabilities

Claims Payable	<u>127,836</u>
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Net Position

Unrestricted	<u><u>\$1,404,605</u></u>
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See accompanying notes to the basic financial statements

Caldwell Exempted Village School District, Ohio

Statement of Revenues, Expenses

and Changes in Fund Net Position

Health Self-Insurance Internal Service Fund

For the Fiscal Year Ended June 30, 2014

Operating Revenues	
Charges for Services	\$1,449,072
Miscellaneous	<u>15,015</u>
Total Operating Revenues	<u>1,464,087</u>
Operating Expenses	
Purchased Services	447,791
Claims	<u>1,052,268</u>
Total Operating Expenses	<u>1,500,059</u>
Operating Loss	(35,972)
Non-Operating Revenue	
Interest	<u>5,206</u>
Change in Net Position	(30,766)
Net Position Beginning of Year	<u>1,435,371</u>
Net Position End of Year	<u><u>\$1,404,605</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, 2014

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities

Cash Received from Transactions with Other Funds \$1,449,072

Other Cash Receipts 15,015

Cash Payments for Goods and Services (447,791)

Cash Payments for Claims (1,079,757)

Net Cash Used for Operating Activities (63,461)

Cash Flows from Investing Activities

Interest on Investments 5,206

Net Decrease in Cash and Cash Equivalents (58,255)

Cash and Cash Equivalents Beginning of Year 1,590,696

Cash and Cash Equivalents End of Year \$1,532,441

**Reconciliation of Operating Loss to Net Cash
Used for Operating Activities**

Operating Loss (\$35,972)

Decrease in Claims Payable (27,489)

Net Cash Used for Operating Activities (\$63,461)

See accompanying notes to the basic financial statements

Caldwell Exempted Village School District, Ohio

Statement of Fiduciary Assets and Liabilities

Agency Fund

June 30, 2014

Assets

Equity in Pooled Cash and Cash Equivalents \$44,263

Liabilities

Due to Students \$44,263

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, 2014

Note 1 - Description of the School District and Reporting Entity

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

The School District is located in Caldwell, Ohio, in Noble County and also consists of Aurelius Township in Washington County. The Board of Education controls the School District's three instructional/support facilities staffed by 39 classified employees and 61 certificated full-time teaching personnel who provide services to 931 students and other community members.

Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure 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, and there is a potential for the organization to provide specific financial benefit to, or impose specific financial burdens on, the primary government. 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 Information Technology Center Regional Council of Governments (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 Jefferson Health Plan 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 18 and 19.

Effective September 4, 2012, the Ohio Department of Education declared the Caldwell Exempted Village School District to be in a state of Fiscal Caution in accordance with Revised Code Section 3316.031. The declaration was based on an anticipated deficit for fiscal year 2013 and future years. On April 30, 2014, the Caldwell Exempted Village School District was released from Fiscal Caution.

Caldwell Exempted Village School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2014

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 more significant of the School District's accounting policies are described below:

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a Statement of Net Position 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 Position 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 Position 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. 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.

Caldwell Exempted Village School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2014

Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources, and liabilities and deferred inflows of resources is reported as fund balance. The following is the description of the School District's only major governmental fund:

General Fund The General Fund accounts for and reports all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the School District for any purpose, provided it is expended and transferred according to the general laws of Ohio.

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

Proprietary Fund Type Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service. The School District's only proprietary fund type is an Internal Service Fund.

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 position and changes in net position. 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 Position. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

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.

Caldwell Exempted Village School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2014

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 position. The Statement of Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The Statement of Cash Flows provides information about how the School District finances and meets the cash flow needs of its proprietary activity.

D. Basis of Accounting

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

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.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

Caldwell Exempted Village School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2014

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance fiscal year 2015 operations. These amounts have been recorded as a deferred inflow on both the government-wide Statement of Net Position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds Balance Sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, student fees and sales, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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 2014, the School District's investments were the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2014.

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 2014 amounted to \$2,558, which includes \$657 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. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2014, 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 the services are consumed.

Caldwell Exempted Village School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

G. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expensed/expended when used. Inventory consists of expendable supplies held for consumption, and purchased and donated 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 Position 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 back trending (i.e., estimating the current replacement cost of the assets to be capitalized and using an appropriate price-index to deflate the costs to the acquisition year or estimated acquisition year). Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of one thousand dollars. The School District currently capitalizes land, buildings and improvements, vehicles, and machinery, equipment, furniture and fixtures. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Buildings and Improvements	20-50 Years
Vehicles	8 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 are classified as “interfund receivables/payables.” These amounts are eliminated on the Statement of Net Position.

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 of service with the School District.

Caldwell Exempted Village School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

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

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

K. Accrued Liabilities and Long-term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments 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. Capital leases are recognized as a liability on the governmental fund financial statements when due.

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 represent unclaimed monies.

N. Fund Balance

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

Caldwell Exempted Village School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2014

Nonspendable: The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” includes items that are not expected to be converted to cash.

Restricted: The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for the use in satisfying those contractual requirements.

Assigned: Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the School District Board of Education.

Unassigned: The unassigned fund balance is the residual classification for the General Fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

O. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for facilities maintenance 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 position are available.

Caldwell Exempted Village School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2014

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.

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.

Caldwell Exempted Village School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

Note 3 - Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

<u>Fund Balances</u>	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<u>Nonspendable:</u>			
Prepaid Items	\$20,433	\$2,040	\$22,473
Materials and Supplies Inventory	0	1,527	1,527
Unclaimed Monies	270	0	270
<i>Total Nonspendable</i>	<u>20,703</u>	<u>3,567</u>	<u>24,270</u>
<u>Restricted for:</u>			
Food Service Operations	0	36,725	36,725
Athletics and Music	0	28,719	28,719
Part B Idea Program	0	5,644	5,644
Title I Program	0	6,532	6,532
Data Communications	0	113	113
Entry Year Program	0	700	700
Capital Improvements	0	98,510	98,510
<i>Total Restricted</i>	<u>0</u>	<u>176,943</u>	<u>176,943</u>
<u>Assigned to:</u>			
Public School Support	31,729	0	31,729
Capital Improvements	0	191,145	191,145
Fiscal Year 2015 Appropriations	1,382,108	0	1,382,108
Purchases on Order	64,580	0	64,580
<i>Total Assigned</i>	<u>1,478,417</u>	<u>191,145</u>	<u>1,669,562</u>
Unassigned:	<u>543,214</u>	<u>(1,573)</u>	<u>541,641</u>
<i>Total Fund Balances</i>	<u><u>\$2,042,334</u></u>	<u><u>\$370,082</u></u>	<u><u>\$2,412,416</u></u>

Note 4 - Fund Deficits

The following funds had deficit fund balances as of June 30, 2014:

	<u>Deficits</u>
Special Revenue Funds:	
Title II-A	\$1,495
Miscellaneous Federal Grants	78
	<u>\$1,573</u>

Caldwell Exempted Village School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

The deficits in the Special Revenue Funds are the result of over-expended grant resources and accrued liabilities. The General Fund provides transfers to cover deficit balances in the special revenue funds; 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 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) rather than committed or assigned fund balance (GAAP).
- 4. Advances in are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
- 5. Unrecorded and prepaid items are reported on the Balance Sheet (GAAP basis), but not on the budgetary basis.
- 6. Budgetary revenues and expenditures of the Public School Support Fund are reclassified to the General Fund for GAAP reporting.

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

	General Fund
GAAP Basis	\$1,236,582
Net Adjustment for Revenue Accruals	(471,663)
Unreported Items:	
Beginning of Fiscal Year	1,221
End of Fiscal Year	(7,225)
Prepaid Items:	
Beginning of Fiscal Year	19,825
End of Fiscal Year	(20,433)
Net Adjustment for Expenditure Accruals	(93,717)
Advance In	173
To reclassify excess of revenues over expenditures into financial statement fund types	(9,191)
Encumbrances	(113,296)
Budget Basis	<u>\$542,276</u>

Caldwell Exempted Village School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2014

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 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 (STAR Ohio); 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.

Caldwell Exempted Village School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

At June 30, 2014, the School District’s internal service fund had a balance of \$1,532,441 with Jefferson Health Plan Self-Insurance Plan, a claims servicing pool (see Note 18). 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 Jefferson Health Plan 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 Jefferson Health Plan 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 fiscal year-end, \$1,862,122 of the School District’s bank balance of \$2,112,122 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, 2014, the School District had the following investment:

	Fair Value	Maturity	Rating	Rating Agency
Star Ohio	\$31,746	Average 51.4 days	AAAm	S&P

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: STAR Ohio carries a rating of AAAm by Standard and Poor’s. Ohio law requires that STAR Ohio 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.

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.

Caldwell Exempted Village School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar 2014 represents collections of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed value listed as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State statute at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2014 represents collections of calendar year 2013 taxes. Public utility real property taxes received in calendar year 2014 became a lien December 31, 2012, were levied after April 1, 2013 and are collected with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Noble and Washington Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2014, are available to finance fiscal year 2014 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility taxes which are measurable as of June 30, 2014, and for which there is an enforceable legal claim. 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 was levied to finance current fiscal year operations and is reflected 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 inflows of resources – property taxes.

At June 30, 2014, \$1,115,743 was available as an advance in the General Fund. The amount available as an advance at June 30, 2013, was \$850,046 in the General Fund.

On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

The assessed values upon which the fiscal year 2014 taxes were collected are:

	2013 Second- Half Collections		2014 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$74,791,690	69.06%	\$76,641,290	69.06%
Commerical/Industrial and Public Utility Real	17,555,700	16.21%	17,764,840	16.01%
Public Utility Personal	15,954,120	14.73%	16,574,800	14.93%
	\$108,301,510	100.00%	\$110,980,930	100.00%
 Tax Rate per \$1,000 of assessed valuation		\$32.50		\$39.50

Caldwell Exempted Village School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

Note 8 - Receivables

Receivables at June 30, 2014, consisted of property taxes, interfund, accounts (billings for user charged services and student tuition and fees), and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables, except property taxes, are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of principal items of intergovernmental receivables follows:

	<u>Amounts</u>
Governmental Activities	
Title I	\$161,357
Special Education, Part B-IDEA	51,399
Ohio Department of Education	41,314
Catastrophic Special Education	27,632
School Employees Retirement System	21,969
Title II-A	5,020
Summer Youth Employment	2,810
Medicaid Reimbursement	2,309
Title VI-B, Rural and Low Income	2,096
Special Education Grant	1,606
High Schools That Work	1,375
State Teachers Retirement System	1,025
Entry Level Program	700
Ohio Bureau of Workers' Compensation	446
Total	<u><u>\$321,058</u></u>

Note 9 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

Caldwell Exempted Village School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
Nondepreciable Capital Assets:				
Land	\$381,096	\$0	\$0	\$381,096
Depreciable Capital Assets:				
Buildings and Improvements	8,288,756	2,895	0	8,291,651
Vehicles	1,088,622	0	0	1,088,622
Machinery, Equipment, Furniture, and Fixtures	1,194,071	36,257	(2,999)	1,227,329
Total Capital Assets Being Depreciated	10,571,449	39,152	(2,999)	10,607,602
Less Accumulated Depreciation:				
Buildings and Improvements	(5,042,255)	(148,513)	0	(5,190,768)
Vehicles	(972,474)	(31,400)	0	(1,003,874)
Machinery, Equipment, Furniture, and Fixtures	(1,016,066)	(33,863)	2,099	(1,047,830)
Total Accumulated Depreciation	(7,030,795)	(213,776) *	2,099	(7,242,472)
Total Capital Assets Being Depreciated, Net	3,540,654	(174,624)	(900)	3,365,130
Governmental Activities Capital Assets, Net	\$3,921,750	(\$174,624)	(\$900)	\$3,746,226

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$153,098
Special	14,981
Vocational	895
Support Services:	
Pupils	133
Instructional Staff	936
Administration	1,348
Fiscal	136
Operation and Maintenance of Plant	5,397
Pupil Transportation	30,503
Food Service Operations	2,660
Extracurricular Activities	3,689
Total Governmental Depreciation	<u>\$213,776</u>

Note 10 - Interfund Balances

A. Transfers

The General Fund transferred \$20,000 to the Food Service Special Revenue Fund during fiscal year 2014. The transfer was made to move unrestricted balances to cover revenue shortfalls for the year.

Caldwell Exempted Village School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

B. Interfund Balance

Unpaid interfund cash advance at June 30, 2014, were as follows:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$173	\$0
Nonmajor Special Revenue Fund:		
High Schools That Work	<u>0</u>	<u>173</u>
Total All Funds	<u><u>\$173</u></u>	<u><u>\$173</u></u>

The interfund balance resulted from the provision of cash flow resources from the General Fund until the receipt of grant monies by the Special Revenue Fund. The interfund balance is anticipated to be repaid within one fiscal year.

Note 11 - Significant Commitments

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

Governmental Funds:	
General Fund	\$118,129
Nonmajor Funds	<u>23,143</u>
Total Governmental Funds	<u>141,272</u>
Proprietary Fund:	
Internal Service Fund	<u>323,168</u>
Total	<u><u>\$464,440</u></u>

Note 12 - 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 2014, the School District contracted with Ohio Casualty Insurance, through Reed & Baur Insurance Agency, for property, crime insurance, general liability insurance, and fleet insurance. During fiscal year 2014, 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, 2014

Ohio Casualty Insurance

Building and Contents-replacement cost (\$2,500 deductible)	\$29,213,000
Crime Insurance	
Forgery or Alterations Coverage (\$500 deductible)	25,000
Employee Dishonesty (\$500 deductible)	25,000
General Liability	
Per occurrence	\$1,000,000
Aggregate Per Year	2,000,000
Medical Expense	15,000
Education Umbrella Liability Policy	
For General Liability	
Per occurrence	1,000,000
Aggregate Per Year	1,000,000
Automobile Insurance (\$1,000 Comprehensive/ \$1,000 Collision)	1,000,000
Uninsured Motorists	1,000,000
Medical Payments	5,000

Travelers Casualty and Surety Company of America

Treasurer Bond	50,000
Superintendent and Board President Bond (Each)	25,000

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

B. Workers' Compensation

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

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, life, and prescription drug coverage and also covers one-half of the cost of vision insurance for all employees. The School District is a member of a claims servicing pool in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The School District's stop loss amount per person is \$50,000 for fiscal year 2014. The claims liability of \$127,836 reported in the internal service fund at June 30, 2014, 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.

Caldwell Exempted Village School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

Changes in the fund's claims liability amounts in 2013 and 2014 were:

	Balance Beginning of Fiscal Year	Current Fiscal Year Claims	Claim Payments	Balance End of Fiscal Year
2013	\$186,706	1,098,850	1,130,231	\$155,325
2014	155,325	1,052,268	1,079,757	127,836

Note 13 - Other Employee Benefits

A. Compensated Absences

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

B. Life Insurance

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

Note 14 - Defined Benefit Pension Plans

A. School Employees Retirement System

Plan Description – The School District participates in the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers.

Caldwell Exempted Village School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2014

The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2014, the allocation to pension and death benefits was 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2014, 2013, and 2012, were \$121,712, \$121,088, and \$120,403, respectively. For fiscal year 2014, 70.12 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

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 system. 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 can 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 multiplied by 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 DB Plan and the DC 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 payment or converted to a lifetime monthly annuity at age 50. Benefits are established by Ohio Revised Code Chapter 3307.

A DB or Combined Plan member with five or more years of 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 - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 11 percent for members and 14 percent for employers. The statutory maximum employee contribution rate was increased one percent July 1, 2013, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2014, plan members were required to contribute 11 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

Caldwell Exempted Village School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2014

The School District's required contributions to STRS Ohio for the DB Plan and for the defined benefit portion of the Combined Plan were \$313,337 and \$15,726 for the fiscal year ended June 30, 2014, \$365,499 and \$12,663 for the fiscal year ended June 30, 2013, and \$370,153 and \$12,236 for the fiscal year ended June 30, 2012. For fiscal year 2014, 90.81 percent has been contributed for the DB plan and 91.25 percent has been contributed for the Combined Plan, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

Contributions made to STRS Ohio for the DC Plan and for fiscal year 2014 were \$18 made by the School District and \$14 made by the plan members. In addition, member contributions of \$12,356 were made for fiscal year 2014 for the defined contribution portion of the Combined Plan.

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, 2014, there are no board members who have elected Social Security.

Note 15 - Postemployment Benefits

A. School Employees Retirement System

Plan Description – The School District participates in two cost-sharing multiple-employer defined benefit other postemployment 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, Medicare Advantage, 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 obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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 105(e). For fiscal year 2014, 0.14 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 fiscal year 2014, this amount was \$20,250. During fiscal year 2014, the School District paid \$17,027 in surcharge.

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, 2014, 2013, and 2012, were \$18,266, \$17,401, and \$15,564, respectively. For fiscal year 2014, 4.66 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

Caldwell Exempted Village School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2014, this actuarially required allocation was 0.76 percent of covered payroll. The School District’s contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012, were \$7,122, \$6,712, and \$6,807, respectively. For fiscal year 2014, 70.38 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

B. State Teachers Retirement System

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2014, STRS Ohio allocated employer contributions equal to one percent of covered payroll to post-employment health care. The School District’s contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012, were \$25,314, \$29,223, and \$29,430 respectively. For fiscal year 2014, 91.25 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012. The STRS Board voted to discontinue the current one percent allocation to the health care fund effective July 1, 2014.

Note 16 - Long-Term Obligations

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

	Principal Outstanding 6/30/13	Additions	Deductions	Principal Outstanding 6/30/14	Amounts Due within One Year
Capital Leases Payable	\$9,367	\$0	\$3,372	\$5,995	\$3,860
Compensated Absences	312,599	38,584	35,367	315,816	50,607
Total Long-Term Obligations	\$321,966	\$38,584	\$38,739	\$321,811	\$54,467

The capital lease and compensated absences will be paid from the General Fund.

The overall debt margin of the School District as of June 30, 2014, was \$9,988,284, with an unvoted debt margin of \$110,981.

Caldwell Exempted Village School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

Note 17 - Capital Leases

In prior fiscal years, the School District entered into an agreement to lease copiers. Such agreements are, in substance, lease purchases and are reflected as capital lease obligations in the financial statements. Capital lease payments are reflected as debt service expenditures in the financial statements for the governmental funds for \$3,372. The capital lease obligation represents the present value of the net future minimum lease payments on the capital lease.

Book value related to this lease is as follows:

	Governmental Activities
Furniture and Equipment	\$16,972
Less Accumulated Depreciation	(6,505)
Total June 30, 2014	<u>\$10,467</u>

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2014.

	Governmental Activities	
Year	Principal	Interest
2015	\$3,860	\$580
2016	2,135	85
Total	<u>\$5,995</u>	<u>\$665</u>

Note 18 - Jointly Governed Organizations and Public Entity Risk Pool

A. Jointly Governed Organizations

The **Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (OME-RESA)** was created as a separate regional council of governments pursuant to State Statutes. The Council operates under the direction of a Board comprised of a representative from each participating school district. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting, and designating management. Each participants control is limited to its representation on the Board. The Council provides information technology and internet access to member districts, as well as cooperative purchasing programs. During fiscal year 2014, the total amount paid to OME-RESA from the School District was \$28,539 for technology services and financial accounting services and educational management information. The Jefferson County Educational Service Center serves as the fiscal agent. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

Caldwell Exempted Village School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2014

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

The **Coalition of Rural and Appalachian Schools** is a jointly governed organization composed of 136 school districts and other educational institutions in the 35-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 35 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 \$325 for fiscal year 2014. The financial information for the Coalition can be obtained from the Executive Director, at McCracken Hall, Ohio University, Athens, Ohio 45701.

B. Public Entity Risk Pool

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

Caldwell Exempted Village School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2014

Note 19 - 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 20 - 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2014, if applicable, cannot be determined at this time.

B. Litigation

As of June 30, 2014, the School District is currently not a party to any material legal proceedings.

C. Lease

The Board of Education has entered into an Oil and Gas Leases effective February 17, 2014 and continuing through February 17, 2019, with First Penn Oil & Gas, LLC. In consideration of the execution of the leases, the School District received a signing bonus of \$221,510 and was posted in fiscal year 2014 as miscellaneous revenue. The School District has a total of 40.2746 acres subject to the lease provisions which call for payments to the lessor, in addition to the bonus, royalties of 20 percent of the gross proceeds of the products subject to the lease terms. The total carrying value of the land leased is \$381,096. As of the date of the financial statements, the value of any potential royalties cannot be determined, and the School District has not received any financial compensation beyond the bonus.

Note 21 - 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 acquisition and construction of capital improvements. Amounts not spent by fiscal year end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years.

Caldwell Exempted Village School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

The following cash basis information describes the change in the fiscal year end set-aside amounts for capital improvements. Disclosure of this information is required by State statute.

	<u>Capital Improvements</u>
Set-aside Balance as of June 30, 2013	\$0
Current Year Set-aside Requirement	140,924
Qualifying Disbursements	<u>(175,562)</u>
Total	<u><u>(\$34,638)</u></u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u><u>\$0</u></u>

The School District had qualifying disbursements during the fiscal year that reduced the set-aside amount below zero. The excess in the capital maintenance set-aside may not be carried forward to reduce the set-aside requirement in future years.

**CALDWELL EXEMPTED VILLAGE SCHOOL DISTRICT
NOBLE COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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	2013/2014	10.555	\$ 27,365	\$ 27,365
Cash Assistance:				
School Breakfast Program	2013/2014	10.553	66,432	66,432
National School Lunch Program	2013/2014	10.555	118,732	118,732
Cash Assistance Subtotal			<u>185,164</u>	<u>185,164</u>
Total Child Nutrition Cluster			<u>212,529</u>	<u>212,529</u>
Total U.S. Department of Agriculture			212,529	212,529
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education:</i>				
Title 1 Grants to Local Educational Agencies	2013 2014	84.010	67,261 <u>212,095</u>	62,789 <u>197,224</u>
Total Title 1 Grants to Local Educational Agencies			<u>279,356</u>	<u>260,013</u>
Special Education Cluster:				
Special Education - Grants to States	2013 2014	84.027	38,727 <u>165,380</u>	31,412 <u>151,560</u>
Total Special Education - Grants to States			<u>204,107</u>	<u>182,972</u>
Special Education - Preschool Grants	2014	84.173	<u>10,123</u>	<u>10,123</u>
Total Special Education Cluster			214,230	193,095
Rural Education	2013 2014	84.358	11,079 <u>12,322</u>	11,079 <u>11,660</u>
Total Rural Education			<u>23,401</u>	<u>22,739</u>
Improving Teacher Quality State Grants	2013 2014	84.367	11,387 <u>40,022</u>	10,295 <u>35,386</u>
Total Improving Teacher Quality State Grants			<u>51,409</u>	<u>45,681</u>
Education Jobs	2014	84.395	<u>1,400</u>	<u>1,400</u>
Total U.S. Department of Education			<u>569,796</u>	<u>522,928</u>
Total Federal Awards Receipts and Expenditures			<u>\$ 782,325</u>	<u>\$ 735,457</u>

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

**CALDWELL EXEMPTED VILLAGE SCHOOL DISTRICT
NOBLE COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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

NOTE D – OHIO BUREAU OF WORKERS' COMPENSATION REBATE

Ohio's workers' compensation system serves as an insurance program for both employers and employees alike. For those who contribute premiums, the Ohio Bureau of Workers' Compensation (BWC) covers the payment of compensation and medical costs related to industrial accidents and diseases. The BWC invested contributions over a three-year period which generated a greater than anticipated return. In May 2013, the Ohio BWC Board of Directors authorized a \$1 billion rebate for more than 210,000 public and private entities paying into Ohio's workers' compensation system. Each employer's rebate reflected 56% of what they were billed during the last policy period (2011 calendar year for public-taxing districts). Approximately \$113 million of the \$1 billion rebate went to local governments around the state. Using policy year 2011 as the base year for calculation, the School District allocated its BWC rebate back to all funds, including Federal funds, providing the source of initial premium payments to BWC. The subsequent expenditure of the rebate attributable to Federal programs is reflected on the School District's Schedule of Federal Awards Receipts and Expenditures.



Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the 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, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated February 17, 2015.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the School District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the School District's internal control. Accordingly, we have not opined on it.

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

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

Compliance and Other Matters

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2014-001.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Dave Yost
Auditor of State

Columbus, Ohio

February 17, 2015



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S 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:

Report on Compliance for Each Major Federal Program

We have audited the Caldwell Exempted Village School District's, Noble County, Ohio (the School District), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the School District's major federal programs for the year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the School District's major federal programs.

Management's Responsibility

The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the School District's compliance for each of the School District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the School District's major programs. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on Each Major Program

In our opinion, the School District complied, in all material respects, with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that might be material weaknesses. However material weaknesses may exist that have not been identified.

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

February 17, 2015

**CALDWELL EXEMPTED VILLAGE SCHOOL DISTRICT
NOBLE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2014**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any 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)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list): <ul style="list-style-type: none"> • Title 1 Grants to Local Educational Agencies – CFDA #84.010 • Special Education Cluster – CFDA #84.027 and 84.173 	
<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?	No

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

FINDING NUMBER 2014-001

Noncompliance

Ohio Rev. Code § 5705.38(B) provides that a board of education shall pass its annual appropriation measure by the first day of October. If a school district's annual appropriation measure is delayed as permitted by law, the board may pass a temporary measure for meeting the ordinary expense of the school district until it passes an annual appropriation measure.

The Board of Education adopted FY 2014 temporary appropriations on July 11, 2013; however, the Board of Education did not pass the permanent appropriations by the first day in October.

We recommend the Board of Education adopt permanent appropriations by the first day of October.

3. FINDINGS FOR FEDERAL AWARDS

None

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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 3, 2015**