



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, the 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, 2015, 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, the major fund, and the aggregate remaining fund information of the Caldwell Exempted Village School District, Noble County, Ohio, as of June 30, 2015, 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.

***Emphasis of Matter***

As discussed in Note 3 to the financial statements, during the year ended June 30, 2015, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

***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* and Schedules of Net Pension Liabilities and Pension Contributions 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.

***Supplementary 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.

Caldwell Exempted Village School District  
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Independent Auditor's Report  
Page 3

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2016, 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.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

March 22, 2016

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**Caldwell Exempted Village School District, Ohio**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
Unaudited

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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, 2015. 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 2015 are as follows:

- Total net position of the School District increased by \$475,562. Restricted net position decreased by \$191,063. Unrestricted net position increased by \$680,763.
- General revenues accounted for \$8,017,897 in revenues or 82 percent of all revenues. Program specific revenues in the form of charges for services and sales, operating grants, contributions, and interest accounted for \$1,800,783 or 18 percent of total revenues of \$9,818,680.
- The School District had \$9,343,118 in expenses related to governmental activities; only \$1,800,783 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 \$8,017,897 were adequate to provide for these programs.
- The School District's major fund was the General Fund. The General Fund had revenues of \$8,910,784 and expenditures of \$8,357,351. The General Fund's ending fund balance increased \$336,495.

## **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.

Caldwell Exempted Village School District, Ohio  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
Unaudited

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## **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 2015 fiscal year?" 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 12. 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.

**Caldwell Exempted Village School District, Ohio**  
**Management's Discussion and Analysis**  
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**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.

### 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 2015 compared to fiscal year 2014:

Table 1  
Net Position

	Governmental Activities		
	2015	2014	Change
<b>Assets</b>			
Current and Other Assets	\$8,856,887	\$8,412,255	\$444,632
Capital Assets, Net	3,767,267	3,746,226	21,041
<i>Total Assets</i>	<i>12,624,154</i>	<i>12,158,481</i>	<i>465,673</i>
<b>Deferred Outflows of Resources</b>			
Pension	628,987	494,929	134,058
<b>Liabilities</b>			
Current and Other Liabilities	1,251,579	1,143,261	108,318
Long-term Liabilities:			
Due Within One Year	71,910	54,467	17,443
Due in More than One Year:			
Net Pension Liability	8,322,910	9,886,657	(1,563,747)
Other Amounts	213,366	267,344	(53,978)
<i>Total Liabilities</i>	<i>9,859,765</i>	<i>11,351,729</i>	<i>(1,491,964)</i>
<b>Deferred Inflows of Resources</b>			
Property Taxes	2,224,261	2,109,257	115,004
Pension	1,501,129	0	1,501,129
<i>Total Deferred Inflows of Resources</i>	<i>3,725,390</i>	<i>2,109,257</i>	<i>1,616,133</i>
<b>Net Position</b>			
Net Investment in Capital Assets	3,726,093	3,740,231	(14,138)
Restricted	152,337	343,400	(191,063)
Unrestricted	(4,210,444)	(4,891,207)	680,763
<i>Total Net Position</i>	<i>(\$332,014)</i>	<i>(\$807,576)</i>	<i>\$475,562</i>

Caldwell Exempted Village School District, Ohio  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
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During fiscal year 2015, the School District adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the School District's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

**Caldwell Exempted Village School District, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2015**  
**Unaudited**

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In accordance with GASB 68, the School District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the School District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from \$8,584,152 to (\$807,576).

Total assets of governmental activities increased \$465,673. Current and other assets increased \$444,632. Current assets increased primarily due to an increase in cash and cash equivalents of \$856,592, with offsetting decreases in accounts receivable of \$199,046 and in intergovernmental receivables of \$197,297. The decrease in accounts receivable was mainly due to the School District receiving a signing bonus from entering into an Oil and Gas Lease in fiscal year 2014. The increase in cash and cash equivalents was primarily due to the School District monitoring the cash flow more closely.

Liabilities did not change significantly other than changes for pension related liabilities, with other liabilities increasing \$108,318.

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

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Table 2 shows the changes in net position for fiscal year 2015 and comparisons to fiscal year 2014:

**Table 2**  
**Changes in Net Position**

	<u>2015</u>	<u>2014</u>	<u>Change</u>
<b>Revenues</b>			
Program Revenues			
Charges for Services and Sales	\$717,697	\$592,457	\$125,240
Operating Grants, Contributions, and Interest	1,083,086	1,063,226	19,860
Capital Grants, Contributions, and Interest	0	10,000	(10,000)
Total Program Revenues	<u>1,800,783</u>	<u>1,665,683</u>	<u>135,100</u>
General Revenues			
Property Taxes	3,297,059	3,674,673	(377,614)
Grants and Entitlements	4,630,202	4,623,659	6,543
Interest	14,724	7,769	6,955
Contributions and Donations	11,624	27,001	(15,377)
Gain on Sale of Capital Assets	4,929	0	4,929
Other	59,359	245,740	(186,381)
Total General Revenues	<u>8,017,897</u>	<u>8,578,842</u>	<u>(560,945)</u>
Total Revenues	<u>9,818,680</u>	<u>10,244,525</u>	<u>(425,845)</u>
<b>Program Expenses</b>			
Instruction			
Regular	4,079,818	3,835,859	243,959
Special	1,388,901	1,309,842	79,059
Vocational	91,356	78,103	13,253
Adult/Continuing	0	7,355	(7,355)
Support Services			
Pupils	512,006	477,040	34,966
Instructional Staff	189,214	166,535	22,679
Board of Education	53,006	79,860	(26,854)
Administration	765,699	666,509	99,190
Fiscal	356,720	337,234	19,486
Business	2,539	2,485	54
Operation and Maintenance of Plant	553,880	549,897	3,983
Pupil Transportation	711,345	632,415	78,930
Operation of Non-Instructional Services	377,289	434,275	(56,986)
Extracurricular Activities	260,245	241,381	18,864
Interest	1,100	1,068	32
Total Expenses	<u>9,343,118</u>	<u>8,819,858</u>	<u>523,260</u>
Change in Net Position	<u>475,562</u>	<u>1,424,667</u>	<u>(949,105)</u>
Net Position Beginning of Year	<u>(807,576)</u>	<u>N/A</u>	
Net Position End of Year	<u>(\$332,014)</u>	<u>(\$807,576)</u>	<u>\$475,562</u>

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Management's Discussion and Analysis  
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The information necessary to restate the fiscal year 2014 beginning balances and the fiscal year 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, fiscal year 2014 functional expenses still include pension expense of \$494,929 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the fiscal year 2015 statements report pension expense of \$354,085. Consequently, in order to compare fiscal year 2015 total program expenses to fiscal year 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	\$9,343,118
Pension expense under GASB 68	(354,085)
2015 contractually required contribution	<u>550,761</u>
Adjusted 2015 program expenses	9,539,794
Total 2014 program expenses under GASB 27	<u>8,819,858</u>
Increase in program expenses not related to pension	<u><u>\$719,936</u></u>

Total revenues decreased \$425,845 in fiscal year 2015 from fiscal year 2014. A large portion of the decrease was attributable to revenues received during fiscal year 2014 (\$221,500) for an Oil and Gas Lease. Additionally, despite the fund financial statements showing an increase in taxes received during fiscal year 2015, the entity-wide statements include receivables for collection of delinquencies, and these collections decreased when compared to fiscal year 2014.

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 34% of revenues for governmental activities for the School District in fiscal year 2015.

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

**Caldwell Exempted Village School District, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2015**  
**Unaudited**

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Table 3  
 Governmental Activities

	Total Cost of Services 2015	Net Cost of Services 2015	Total Cost of Services 2014	Net Cost of Services 2014
<b>Program Expenses</b>				
Instruction:				
Regular	\$4,079,818	\$3,651,436	\$3,835,859	\$3,507,384
Special	1,388,901	811,440	1,309,842	710,652
Vocational	91,356	47,858	78,103	36,257
Adult/Continuing	0	0	7,355	7,355
Support Services:				
Pupils	512,006	461,145	477,040	433,552
Instructional Staff	189,214	110,742	166,535	41,649
Board of Education	53,006	53,006	79,860	79,860
Administration	765,699	729,629	666,509	665,052
Fiscal	356,720	356,720	337,234	337,234
Business	2,539	2,539	2,485	2,485
Operation and Maintenance of Plant	553,880	537,772	549,897	528,241
Pupil Transportation	711,345	634,683	632,415	627,594
Operation of Non-Instructional Services	377,289	34,882	434,275	78,968
Extracurricular Activities	260,245	109,383	241,381	96,824
Interest	1,100	1,100	1,068	1,068
<b>Total</b>	<b>\$9,343,118</b>	<b>\$7,542,335</b>	<b>\$8,819,858</b>	<b>\$7,154,175</b>

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.

## 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 \$9,975,422 and expenditures of \$9,593,831. 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 2015, 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 \$9,192,880, above final estimates of \$8,888,601. Original estimated revenues were increased \$525,166 in nearly all revenue accounts.

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Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
Unaudited

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Original appropriations plus prior year encumbrances were \$8,713,096. Original appropriations were increased \$40,000 in various functions. Actual expenditures were under appropriations by \$375,438 due to the School District monitoring their spending during fiscal year 2015.

The School District's ending General Fund budgetary balance was \$2,090,041.

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

At the end of fiscal year 2015, the School District had \$3,767,267 invested in land; buildings and improvements; vehicles; and machinery, equipment, furniture, and fixtures in governmental activities. See Note 10 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 17 and 18 for more information on the School District's long-term liabilities.

### **Current Issues**

The most pressing current issue for the School District centers around the Special Education program. Specifically, the School District has experienced an unprecedented increase in enrollment of special education students during the past few years; specifically students with severe physical, medical, and emotional needs. The number of autistic students has multiplied noticeably, and additional students with disabilities are requiring a full time nurse. At the end of fiscal year 2015, the School District employed seven full-time special education aides. For the coming fiscal year 2016, an addition five aides and special education teacher were employed to handle the increase. Additionally, there are now three severe needs students attending an BDD school, when previously there were no BDD-needy students during the past decade. These expenses will continue to tax the School District's financial resources over the coming years.

### **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, 2015*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$2,767,383
Cash and Cash Equivalents with Fiscal Agents	1,565,183
Accounts Receivable	30,715
Intergovernmental Receivable	123,761
Prepaid Items	21,327
Materials and Supplies Inventory	1,134
Inventory Held for Resale	6,076
Property Taxes Receivable	4,341,308
Nondepreciable Capital Assets	381,096
Depreciable Capital Assets, Net	<u>3,386,171</u>
Total Assets	<u>12,624,154</u>
<b>Deferred Outflows of Resources</b>	
Pension	<u>628,987</u>
<b>Liabilities</b>	
Accounts Payable	76,958
Accrued Wages and Benefits Payable	678,388
Intergovernmental Payable	237,063
Matured Compensated Absences Payable	84,628
Claims Payable	174,542
Long-Term Liabilities:	
Due Within One Year	71,910
Due In More Than One Year:	
Net Pension Liability (See Note 15)	8,322,910
Other Amounts Due in More Than One Year	<u>213,366</u>
<i>Total Liabilities</i>	<u>9,859,765</u>
<b>Deferred Inflows of Resources</b>	
Property Taxes	2,224,261
Pension	<u>1,501,129</u>
<i>Total Deferred Inflows of Resources</i>	<u>3,725,390</u>
<b>Net Position</b>	
Net Investment in Capital Assets	3,726,093
Restricted for:	
Capital Projects	17,896
Food Service	31,699
Student Activities	19,282
State Programs	7
Federal Programs	21,715
Unclaimed Monies	291
Other Purposes	61,447
Unrestricted	<u>(4,210,444)</u>
Total Net Position	<u>(\$332,014)</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, 2015*

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	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions, and Interest	
<b>Governmental Activities</b>				
Instruction:				
Regular	\$4,079,818	\$382,470	\$45,912	(\$3,651,436)
Special	1,388,901	0	577,461	(811,440)
Vocational	91,356	0	43,498	(47,858)
Support Services:				
Pupils	512,006	42,549	8,312	(461,145)
Instructional Staff	189,214	0	78,472	(110,742)
Board of Education	53,006	0	0	(53,006)
Administration	765,699	0	36,070	(729,629)
Fiscal	356,720	0	0	(356,720)
Business	2,539	0	0	(2,539)
Operation and Maintenance of Plant	553,880	0	16,108	(537,772)
Pupil Transportation	711,345	0	76,662	(634,683)
Operation of Non-Instructional Services:				
Food Service Operations	346,567	113,865	198,428	(34,274)
External Participation in Internal Service Fund	26,959	28,907	0	1,948
Community Services	3,763	0	1,207	(2,556)
Extracurricular Activities	260,245	149,906	956	(109,383)
Interest	1,100	0	0	(1,100)
Total Governmental Activities	<u>\$9,343,118</u>	<u>\$717,697</u>	<u>\$1,083,086</u>	<u>(7,542,335)</u>

**General Revenues**

Property Taxes Levied for General Purposes	3,297,059
Grants and Entitlements not Restricted to Specific Programs	4,630,202
Interest	14,724
Donations not Restricted to Specific Programs	11,624
Gain on Sale of Capital Assets	4,929
Miscellaneous	<u>59,359</u>
Total General Revenues	<u>8,017,897</u>
Change in Net Position	475,562
Net Position Beginning of Year - Restated (See Note 3)	<u>(807,576)</u>
Net Position End of Year	<u>(\$332,014)</u>

See accompanying notes to the basic financial statements

**Caldwell Exempted Village School District, Ohio**

*Balance Sheet  
Governmental Funds  
June 30, 2015*

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$2,278,903	\$488,189	\$2,767,092
Accounts Receivable	5,540	0	5,540
Interfund Receivable	535	0	535
Intergovernmental Receivable	30,670	93,091	123,761
Prepaid Items	19,966	1,361	21,327
Materials and Supplies Inventory	0	1,134	1,134
Inventory Held for Resale	0	6,076	6,076
Property Taxes Receivable	4,341,308	0	4,341,308
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	<u>291</u>	<u>0</u>	<u>291</u>
Total Assets	<u>\$6,677,213</u>	<u>\$589,851</u>	<u>\$7,267,064</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	48,207	28,751	76,958
Accrued Wages and Benefits Payable	595,825	82,563	678,388
Interfund Payable	0	535	535
Intergovernmental Payable	219,600	17,463	237,063
Matured Compensated Absences Payable	<u>84,628</u>	<u>0</u>	<u>84,628</u>
Total Liabilities	<u>948,260</u>	<u>129,312</u>	<u>1,077,572</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	2,224,261	0	2,224,261
Unavailable Revenue	<u>1,125,863</u>	<u>15,799</u>	<u>1,141,662</u>
Total Deferred Inflows of Resources	<u>3,350,124</u>	<u>15,799</u>	<u>3,365,923</u>
<b>Fund Balances</b>			
Nonspendable	20,257	2,495	22,752
Restricted	0	117,568	117,568
Assigned	1,328,850	326,593	1,655,443
Unassigned	<u>1,029,722</u>	<u>(1,916)</u>	<u>1,027,806</u>
Total Fund Balances	<u>2,378,829</u>	<u>444,740</u>	<u>2,823,569</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u><u>\$6,677,213</u></u>	<u><u>\$589,851</u></u>	<u><u>\$7,267,064</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, 2015*

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<b>Total Governmental Fund Balances</b>	\$2,823,569
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*Amounts reported for governmental activities in the statement of net position are different because*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	3,767,267
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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	1,116,308
Intergovernmental Revenue	23,539
Interest	55
Tuition and Fees	1,760
	1,141,662

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.	1,415,816
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The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the funds:

Deferred Outflows - Pension	628,987
Deferred Inflows - Pension	(1,501,129)
Net Pension Liability	(8,322,910)
	(9,195,052)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

Compensated Absences Payable	(261,602)
Capital Lease Payable	(23,674)
	(285,276)

<b>Net Position of Governmental Activities</b>	<b>(\$332,014)</b>
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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, 2015*

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	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Property Taxes	\$3,336,405	\$0	\$3,336,405
Intergovernmental	5,056,083	817,483	5,873,566
Interest	4,184	30	4,214
Tuition and Fees	381,610	0	381,610
Extracurricular Activities	61,752	130,703	192,455
Charges for Services	0	113,865	113,865
Contributions and Donations	12,992	956	13,948
Miscellaneous	57,758	1,601	59,359
Total Revenues	<u>8,910,784</u>	<u>1,064,638</u>	<u>9,975,422</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	3,980,390	46,341	4,026,731
Special	987,732	411,207	1,398,939
Vocational	102,228	0	102,228
Support Services:			
Pupils	534,322	8,482	542,804
Instructional Staff	152,525	48,076	200,601
Board of Education	53,483	0	53,483
Administration	782,534	43,793	826,327
Fiscal	360,670	0	360,670
Business	2,539	0	2,539
Operation and Maintenance of Plant	546,796	35,247	582,043
Pupil Transportation	720,196	153,749	873,945
Operation of Non-Instructional Services	4,160	348,080	352,240
Extracurricular Activities	124,871	141,505	266,376
Debt Service:			
Principal Retirement	3,805	0	3,805
Interest and Fiscal Charges	1,100	0	1,100
Total Expenditures	<u>8,357,351</u>	<u>1,236,480</u>	<u>9,593,831</u>
Excess of Revenues Over (Under) Expenditures	<u>553,433</u>	<u>(171,842)</u>	<u>381,591</u>
<b>Other Financing Sources (Uses)</b>			
Inception of Capital Lease	24,633	0	24,633
Proceeds from Sale of Capital Assets	4,929	0	4,929
Transfers In	0	246,500	246,500
Transfers Out	(246,500)	0	(246,500)
Total Other Financing Sources (Uses)	<u>(216,938)</u>	<u>246,500</u>	<u>29,562</u>
Net Change in Fund Balances	336,495	74,658	411,153
Fund Balances Beginning of Year	<u>2,042,334</u>	<u>370,082</u>	<u>2,412,416</u>
Fund Balances End of Year	<u>\$2,378,829</u>	<u>\$444,740</u>	<u>\$2,823,569</u>

See accompanying notes to the basic financial statements

**Caldwell Exempted Village School District, Ohio**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
 in Fund Balances of Governmental Funds to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2015*

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Net Change in Fund Balances - Total Governmental Funds \$411,153

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 capital outlays exceeded depreciation in the current period:

Capital Outlay	251,757	
Current Year Depreciation	<u>(220,406)</u>	31,351

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. (10,310)

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

Delinquent Property Taxes	(39,346)	
Intergovernmental Revenue	(162,623)	
Interest	55	
Tuition and Fees	<u>860</u>	(201,054)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 6,954

The inception of capital lease is reported as an other financing source in the governmental funds, but increases long-term liabilities on the statement of net position. (24,633)

Contractually required contributions are reported as expenditures in the governmental funds; however, the statement of net position reports these amounts as deferred outflows. 550,761

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (354,085)

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. 54,214

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. 11,211

Change in Net Position of Governmental Activities \$475,562

See accompanying notes to the basic financial statements

**Caldwell Exempted Village School District, Ohio**

*Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*

*General Fund*

*For the Fiscal Year Ended June 30, 2015*

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	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Property Taxes	\$3,263,000	\$3,438,000	\$3,451,409	\$13,409
Intergovernmental	4,795,000	4,815,000	5,087,168	272,168
Interest	2,535	2,535	4,188	1,653
Tuition and Fees	277,800	357,800	382,057	24,257
Extracurricular Activities	19,100	19,100	19,278	178
Contributions and Donations	0	20,000	17,036	(2,964)
Miscellaneous	6,000	236,166	231,744	(4,422)
Total Revenues	8,363,435	8,888,601	9,192,880	304,279
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	4,177,582	4,089,582	3,984,426	105,156
Special	957,750	992,750	985,735	7,015
Vocational	133,342	133,342	118,739	14,603
Adult/Continuing	8,000	8,000	0	8,000
Intervention	1,000	1,000	0	1,000
Support Services:				
Pupils	420,697	462,697	422,223	40,474
Instructional Staff	181,616	179,616	154,884	24,732
Board of Education	62,435	67,435	58,144	9,291
Administration	799,057	821,057	786,143	34,914
Fiscal	392,438	392,438	362,063	30,375
Business	3,000	3,000	2,539	461
Operation and Maintenance of Plant	626,389	638,389	601,826	36,563
Pupil Transportation	776,015	790,015	767,794	22,221
Operation of Non-Instructional Services	4,700	4,700	3,631	1,069
Extracurricular Activities	169,075	169,075	129,511	39,564
Total Expenditures	8,713,096	8,753,096	8,377,658	375,438
Excess of Revenues Over (Under) Expenditures	(349,661)	135,505	815,222	679,717
<b>Other Financing Sources (Uses)</b>				
Refund of Prior Year Expenditures	5,000	40,000	44,382	4,382
Refund of Prior Year Receipts	(270)	(436)	0	436
Proceeds from Sale of Capital Assets	0	0	4,929	4,929
Transfers Out	(35,000)	(225,000)	(246,500)	(21,500)
Total Other Financing Sources (Uses)	(30,270)	(185,436)	(197,189)	(11,753)
Net Change in Fund Balance	(379,931)	(49,931)	618,033	667,964
Fund Balance Beginning of Year	1,358,712	1,358,712	1,358,712	0
Prior Year Encumbrances Appropriated	113,296	113,296	113,296	0
Fund Balance End of Year	\$1,092,077	\$1,422,077	\$2,090,041	\$667,964

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, 2015*

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**Current Assets**

Cash and Cash Equivalents with Fiscal Agents	\$1,565,183
Accounts Receivable	<u>25,175</u>
Total Assets	1,590,358

**Current Liabilities**

Claims Payable	<u>174,542</u>
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**Net Position**

Unrestricted	<u><u>\$1,415,816</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, 2015*

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**Operating Revenues**

Charges for Services	\$1,750,576
Miscellaneous	<u>61,844</u>
Total Operating Revenues	<u>1,812,420</u>

**Operating Expenses**

Purchased Services	437,636
Claims	<u>1,374,049</u>
Total Operating Expenses	<u>1,811,685</u>

Operating Income

735

**Non-Operating Revenue**

Interest	<u>10,476</u>
Change in Net Position	11,211
Net Position Beginning of Year	<u>1,404,605</u>
Net Position End of Year	<u>\$1,415,816</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, 2015*

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

**Cash Flows from Operating Activities**

Cash Received from Transactions with Other Funds	\$1,750,576
Other Cash Receipts	36,669
Cash Payments for Goods and Services	(437,636)
Cash Payments for Claims	<u>(1,327,343)</u>
Net Cash Provided by Operating Activities	22,266

**Cash Flows from Investing Activities**

Interest on Investments	<u>10,476</u>
Net Increase in Cash and Cash Equivalents	32,742
Cash and Cash Equivalents Beginning of Year	<u>1,532,441</u>
Cash and Cash Equivalents End of Year	<u><u>\$1,565,183</u></u>

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

Operating Income	\$735
Increase in Accounts Receivable	(25,175)
Increase in Claims Payable	<u>46,706</u>
Net Cash Provided by Operating Activities	<u><u>\$22,266</u></u>

See accompanying notes to the basic financial statements

**Caldwell Exempted Village School District, Ohio**

*Statement of Fiduciary Assets and Liabilities*

*Agency Fund*

*June 30, 2015*

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**Assets**

Equity in Pooled Cash and Cash Equivalents \$39,921

**Liabilities**

Due to Students \$39,921

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, 2015*

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

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

The School District is located in Caldwell, Ohio, in Noble County and also consists of Aurelius Township in Washington County. The Board of Education controls the School District's three instructional/support facilities staffed by 39 classified employees and 60 certificated full-time teaching personnel who provide services to 910 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 insure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes, 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), and the Mid-East Career and Technology Centers which are defined as jointly governed organizations; the Ohio School Plan (OSP), which is defined as a group insurance purchasing pool; 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 19 and 20.

### **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:

## **Caldwell Exempted Village School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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### **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. 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:

## **Caldwell Exempted Village School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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**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 operations of the School District's self-insurance program for employee medical, vision, prescription drug, and dental insurance 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 funds account for student activities and athletic tournament monies.

### **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.

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.

## **Caldwell Exempted Village School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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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 8). 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. For the School District, deferred outflows of resources are reported on the government-wide Statement of Net Position for pension. The deferred outflows of resources related to pension are explained in Note 15.

## **Caldwell Exempted Village School District, Ohio**

### *Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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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 until that time. For the School District, deferred inflows of resources include property taxes, pension, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2015, but which were levied to finance fiscal year 2016 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, intergovernmental grants, interest, and student fees. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide Statement of Net Position. (See Note 15)

### ***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 2015, 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, 2015.

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 2015 amounted to \$4,184, which includes \$816 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, 2015, 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, 2015*

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### ***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:

<b>Description</b>	<b>Governmental Activities Estimated Lives</b>
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 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 service with the School District.

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.

## **Caldwell Exempted Village School District, Ohio**

### *Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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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, net pension liability, 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.

Payments for 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:

**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.

## Caldwell Exempted Village School District, Ohio

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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**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.

### ***P. Pensions***

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems.

## **Caldwell Exempted Village School District, Ohio**

### *Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

### ***Q. 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.

### ***R. 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.

### ***S. 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.

### ***T. 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.

## **Caldwell Exempted Village School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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

### **Note 3 - Changes in Accounting Principle and Restatement of Net Position**

For fiscal year 2015, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions," and Statement No. 71, "Pension Transition for Contributions made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68." GASB Statement No. 68 establishes standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported June 30, 2014:

Net Position June 30, 2014	\$8,584,152
Adjustments:	
Net Pension Liability	(9,886,657)
Deferred Outflow - Payments Subsequent to Measurement Date	494,929
Restated Net Position June 30, 2014	<u><u>(\$807,576)</u></u>

Other than employer contributions subsequent to the measurement date, the School District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

### **Note 4 - Fund Balances**

Fund balance is classified as nonspendable, restricted, 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:

## Caldwell Exempted Village School District, Ohio

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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Fund Balances	General	Other Governmental Funds	Total
<b><u>Nonspendable:</u></b>			
Prepaid Items	\$19,966	\$1,361	\$21,327
Materials and Supplies Inventory	0	1,134	1,134
Unclaimed Monies	291	0	291
<i>Total Nonspendable</i>	<i>20,257</i>	<i>2,495</i>	<i>22,752</i>
<b><u>Restricted for:</u></b>			
Food Service Operations	0	30,134	30,134
Athletics and Music	0	19,282	19,282
Part B Idea Program	0	6,309	6,309
Capital Improvements	0	61,843	61,843
<i>Total Restricted</i>	<i>0</i>	<i>117,568</i>	<i>117,568</i>
<b><u>Assigned to:</u></b>			
Public School Support	30,400	0	30,400
Capital Improvements	0	326,593	326,593
Fiscal Year 2015 Appropriations	1,198,679	0	1,198,679
Purchases on Order	99,771	0	99,771
<i>Total Assigned</i>	<i>1,328,850</i>	<i>326,593</i>	<i>1,655,443</i>
Unassigned:	1,029,722	(1,916)	1,027,806
<i>Total Fund Balances</i>	<i>\$2,378,829</i>	<i>\$444,740</i>	<i>\$2,823,569</i>

### Note 5 - Fund Deficits

The following funds had deficit fund balances as of June 30, 2015:

	<u>Deficits</u>
<b>Special Revenue Funds:</b>	
Title I	\$600
Title II-A	386
	<u><u>\$986</u></u>

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 6 - 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.

## Caldwell Exempted Village School District, Ohio

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and 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 assigned fund balance (GAAP).
4. Unrecorded and prepaid items are reported on the balance sheet (GAAP basis), but not on the budgetary basis.
5. 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:

Net Change in Fund Balance

	General Fund
GAAP Basis	\$336,495
Net Adjustment for Revenue Accruals	372,556
Unreported Items:	
Beginning of Fiscal Year	7,225
End of Fiscal Year	(1,607)
Prepaid Items:	
Beginning of Fiscal Year	20,433
End of Fiscal Year	(19,966)
Net Adjustment for Expenditure Accruals	63,643
Cash Deficits	535
To reclassify excess of revenues over expenditures into financial statement fund types	(3,619)
Encumbrances	<u>(157,662)</u>
Budget Basis	<u><u>\$618,033</u></u>

### Note 7 - 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.

## **Caldwell Exempted Village School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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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.

At June 30, 2015, the School District's internal service fund had a cash balance of \$1,565,183 with Jefferson Health Plan Self-Insurance Plan, a claims servicing pool (See Note 19). 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.

## Caldwell Exempted Village School District, Ohio

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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**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, \$2,692,631 of the School District's bank balance of \$2,942,631 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, 2015, the School District had the following investment:

	Fair Value	Maturity	Rating	Rating Agency
Star Ohio	\$31,762	Average 53.4 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 8 - Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar 2015 represents collections of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014, on the assessed value listed as of January 1, 2014, 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.

## **Caldwell Exempted Village School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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Public utility property tax revenue received in calendar 2015 represents collections of calendar year 2014 taxes. Public utility real property taxes received in calendar year 2015 became a lien December 31, 2013, were levied after April 1, 2014, 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, 2015, are available to finance fiscal year 2015 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, 2015, 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, 2015, \$1,000,739 was available as an advance in the General Fund. The amount available as an advance at June 30, 2014, was \$1,115,743 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 2015 taxes were collected are:

	2014 Second-Half Collections		2015 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$76,641,290	69.06%	\$85,658,470	72.65%
Commerical/Industrial and				
Public Utility Real	17,764,840	16.01%	17,146,980	14.54%
Public Utility Personal	16,574,800	14.93%	15,109,180	12.81%
	<u>\$110,980,930</u>	<u>100.00%</u>	<u>\$117,914,630</u>	<u>100.00%</u>
Tax Rate per \$1,000 of assessed valuation		\$39.50		\$39.50

### **Note 9 - Receivables**

Receivables at June 30, 2015, 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.

**Caldwell Exempted Village School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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A summary of principal items of intergovernmental receivables follows:

<b>Governmental Activities</b>	<u>Amounts</u>
Title I	\$28,960
Special Education, Part B-IDEA	50,809
Ohio Department of Education	8,323
School Employees Retirement System	6,292
Title II-A	8,562
Summer Youth Employment	6,873
Medicaid Reimbursement	7,734
Title VI-B, Rural and Low Income	4,753
High Schools That Work	7
Fuel Tax Refund	<u>1,448</u>
Total	<u>\$123,761</u>

**Note 10 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
<b>Nondepreciable Capital Assets:</b>				
Land	\$381,096	\$0	\$0	\$381,096
<b>Depreciable Capital Assets:</b>				
Buildings and Improvements	8,291,651	20,939	(17,500)	8,295,090
Vehicles	1,088,622	172,104	(140,048)	1,120,678
Machinery, Equipment, Furniture, and Fixtures	1,227,329	58,714	(135,216)	1,150,827
Total Capital Assets Being Depreciated	<u>10,607,602</u>	<u>251,757</u>	<u>(292,764)</u>	<u>10,566,595</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(5,190,768)	(148,561)	17,500	(5,321,829)
Vehicles	(1,003,874)	(38,141)	140,048	(901,967)
Machinery, Equipment, Furniture, and Fixtures	(1,047,830)	(33,704)	124,906	(956,628)
Total Accumulated Depreciation	<u>(7,242,472)</u>	<u>(220,406)</u> *	<u>282,454</u>	<u>(7,180,424)</u>
Total Capital Assets Being Depreciated, Net	<u>3,365,130</u>	<u>31,351</u>	<u>(10,310)</u>	<u>3,386,171</u>
Governmental Activities Capital Assets, Net	<u>\$3,746,226</u>	<u>\$31,351</u>	<u>(\$10,310)</u>	<u>\$3,767,267</u>

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

## Caldwell Exempted Village School District, Ohio

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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Instruction:	
Regular	\$151,379
Special	15,374
Vocational	1,689
Support Services:	
Pupils	133
Instructional Staff	936
Administration	1,956
Fiscal	234
Operation and Maintenance of Plant	6,469
Pupil Transportation	37,641
Food Service Operations	509
Extracurricular Activities	4,086
Total Governmental Depreciation	<u><u>\$220,406</u></u>

### Note 11 - Interfund Balances

#### A. Transfers

The General Fund transferred \$25,000 to the Food Service Special Revenue Fund and \$221,500 to the Permanent Improvement Capital Projects Fund during fiscal year 2015. The transfers were made to move unrestricted balances to cover revenue shortfalls for the fiscal year of the food service operation and to help finance current and future capital projects.

#### B. Interfund Balance

Unpaid interfund cash advance at June 30, 2015, were as follows:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$535	\$0
Nonmajor Special Revenue Fund:		
IDEA Part B	0	532
Title II-A	0	3
Total All Funds	<u><u>\$535</u></u>	<u><u>\$535</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 12 - 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:

# Caldwell Exempted Village School District, Ohio

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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## **Governmental Funds:**

General Fund	\$159,818
Nonmajor Funds	<u>25,489</u>
Total Governmental Funds	<u>185,307</u>

## **Proprietary Fund:**

Internal Service Fund	<u>300,912</u>
Total	<u>\$486,219</u>

## **Note 13 - 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 2015, 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 2015, the School District purchased the following coverage:

#### Ohio Casualty Insurance

Building and Contents-replacement cost (\$2,500 deductible)	\$29,253,661
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
Violent Event Response	
Aggregate Limit	1,000,000
Each Event	1,000,000

#### 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.

## **Caldwell Exempted Village School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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### ***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 2015. The claims liability of \$174,542 reported in the internal service fund at June 30, 2015, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by the incremental claims adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the fund's claims liability amounts in 2014 and 2015 were:

	<b>Balance Beginning of Fiscal Year</b>	<b>Current Fiscal Year Claims</b>	<b>Claim Payments</b>	<b>Balance End of Fiscal Year</b>
2014	\$155,325	\$1,052,268	\$1,079,757	\$127,836
2015	127,836	1,374,049	1,327,343	174,542

## **Note 14 - 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 than 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.

## **Caldwell Exempted Village School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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### ***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 15 - Defined Benefit Pension Plans**

### ***A. Net Pension Liability***

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

### ***Plan Description - School Employees Retirement System (SERS)***

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

## Caldwell Exempted Village School District, Ohio

### Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

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Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

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

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

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

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The School District's contractually required contribution to SERS was \$131,231 for fiscal year 2015. Of this amount \$15,570 is reported as an intergovernmental payable.

### ***Plan Description - State Teachers Retirement System (STRS)***

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

## **Caldwell Exempted Village School District, Ohio**

### *Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. 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 allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability 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 –** Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$419,530 for fiscal year 2015. Of this amount \$85,422 is reported as an intergovernmental payable.

## Caldwell Exempted Village School District, Ohio

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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### **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	\$1,702,147	\$6,620,763	\$8,322,910
Proportion of the Net Pension Liability	0.033633%	0.02721966%	
Pension Expense	\$97,830	\$256,255	\$354,085

At June 30, 2015, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$14,487	\$63,739	\$78,226
School District contributions subsequent to the measurement date	131,231	419,530	550,761
Total Deferred Outflows of Resources	<u>\$145,718</u>	<u>\$483,269</u>	<u>\$628,987</u>
<b>Deferred Inflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investments	<u>\$276,263</u>	<u>\$1,224,866</u>	<u>\$1,501,129</u>

\$550,761 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2016	(\$65,407)	(\$290,282)	(\$355,689)
2017	(65,407)	(290,282)	(355,689)
2018	(65,407)	(290,282)	(355,689)
2019	<u>(65,555)</u>	<u>(290,281)</u>	<u>(355,836)</u>
Total	<u>(\$261,776)</u>	<u>(\$1,161,127)</u>	<u>(\$1,422,903)</u>

#### ***Actuarial Assumptions - SERS***

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan.

## **Caldwell Exempted Village School District, Ohio**

### *Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

## Caldwell Exempted Village School District, Ohio

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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Asset Class	Target Allocation	Long Term Expected Real Rate of Return	
Cash	1.00 %	0.00	%
US Stocks	22.50	5.00	
Non-US Stocks	22.50	5.50	
Fixed Income	19.00	1.50	
Private Equity	10.00	10.00	
Real Assets	10.00	5.00	
Multi-Asset Strategies	<u>15.00</u>	<u>7.50</u>	
Total	<u>100.00 %</u>		

**Discount Rate** The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$2,428,458	\$1,702,147	\$1,091,257

### ***Actuarial Assumptions - STRS***

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

## Caldwell Exempted Village School District, Ohio

### Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

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Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	<u>100.00 %</u>	

**Discount Rate** The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$9,478,345	\$6,620,763	\$4,204,211

### B. 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, 2015, there are no board members who have elected Social Security.

## **Caldwell Exempted Village School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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### **Note 16 - Postemployment Benefits**

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

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) 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 financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. 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.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was \$20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2015, the School District's surcharge obligation was \$17,332.

The School District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013, were \$8,165, \$18,266, and \$17,401, respectively. For fiscal year 2015, 94.14 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2014 and 2013.

#### **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) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

## Caldwell Exempted Village School District, Ohio

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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. 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 2015, STRS did not allocate any employer contributions to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013, were \$0, \$25,314, and \$29,223 respectively. The full amount has been contributed for all fiscal years.

### Note 17 - Long-Term Obligations

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

	Principal Outstanding 6/30/14	Additions	Deductions	Principal Outstanding 6/30/15	Amounts Due within One Year
Capital Leases Payable	\$5,995	\$24,633	\$6,954	\$23,674	\$4,087
Net Pension Liability:					
SERS	2,000,047	0	297,900	1,702,147	0
STRS	7,886,610	0	1,265,847	6,620,763	0
Total Net Pension Liability	9,886,657	0	1,563,747	8,322,910	0
Compensated Absences	315,816	87,761	141,975	261,602	67,823
Total Long-Term Obligations	<u>\$10,208,468</u>	<u>\$112,394</u>	<u>\$1,712,676</u>	<u>\$8,608,186</u>	<u>\$71,910</u>

The capital lease and compensated absences will be paid from the General Fund. The School District pays obligations related to employee compensation from the fund benefitting from their service. For additional information related to the net pension liability, see Note 15.

The overall debt margin of the School District as of June 30, 2015, was \$10,612,317, with an unvoted debt margin of \$117,915.

### Note 18 - Capital Leases

In the current and 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 \$6,954. 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:

	<u>Governmental Activities</u>
Furniture and Equipment	\$24,633
Less Accumulated Depreciation	(1,642)
Total June 30, 2015	<u><u>\$22,991</u></u>

## Caldwell Exempted Village School District, Ohio

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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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, 2015.

Year	Governmental Activities	
	Principal	Interest
2016	\$4,087	\$2,213
2017	4,521	1,779
2018	5,001	1,299
2019	5,532	768
2020	4,533	192
Total	<u>\$23,674</u>	<u>\$6,251</u>

### Note 19 - 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 2015, the total amount paid to OME-RESA from the School District was \$28,461 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.

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 2015. The financial information for the Coalition can be obtained from the Executive Director, at McCracken Hall, Ohio University, Athens, Ohio 45701.

## **Caldwell Exempted Village School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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### **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.

### **Note 20 - 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 21 - 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, 2015, if applicable, cannot be determined at this time.

## **Caldwell Exempted Village School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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### ***B. Litigation***

As of June 30, 2015, 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.

### ***D. School Foundation***

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for fiscal year 2015, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the School District, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 foundation funding for the School District, therefore, any financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or a liability of the School District.

### **Note 22 - 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.

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, 2014	\$0
Current Year Set-aside Requirement	147,039
Offsetting Credits	(221,500)
Qualifying Disbursements	(322,193)
Total	<u><u>(\$396,654)</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.

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**Caldwell Exempted Village School District, Ohio**

*Required Supplementary Information*

*Schedule of the School District's Proportionate Share of the Net Pension Liability*

*School Employees Retirement System of Ohio*

*Last Two Fiscal Years (1)*

	2014	2013
School District's Proportion of the Net Pension Liability	0.033633%	0.033633%
School District's Proportionate Share of the Net Pension Liability	\$1,702,147	\$2,000,047
School District's Covered-Employee Payroll	\$966,479	\$924,336
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	176.12%	216.38%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.70%	65.52%

(1) Information prior to 2013 is not available.

Amounts presented as of the School District's measurement date which is the prior fiscal year end.

**Caldwell Exempted Village School District, Ohio**

*Required Supplementary Information*

*Schedule of the School District's Proportionate Share of the Net Pension Liability  
State Teachers Retirement System of Ohio  
Last Two Fiscal Years (1)*

	2014	2013
School District's Proportion of the Net Pension Liability	0.02721966%	0.02721966%
School District's Proportionate Share of the Net Pension Liability	\$6,620,763	\$7,886,610
School District's Covered-Employee Payroll	\$2,276,731	\$3,033,146
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	290.80%	260.01%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	69.30%

(1) Information prior to 2013 is not available.

Amounts presented as of the School District's measurement date which is the prior fiscal year end.

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**Caldwell Exempted Village School District, Ohio**

*Required Supplementary Information*

*Schedule of the School District Contributions*

*School Employees Retirement System of Ohio*

*Last Ten Fiscal Years*

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually Required Contribution	\$131,231	\$133,954	\$127,928	\$127,513
Contributions in Relation to the Contractually Required Contribution	(131,231)	(133,954)	(127,928)	(127,513)
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
School District Covered-Employee Payroll	\$995,683	\$966,479	\$924,336	\$948,055
Contributions as a Percentage of Covered-Employee Payroll	13.18%	13.86%	13.84%	13.45%

2011	2010	2009	2008	2007	2006
\$102,390	\$128,629	\$88,130	\$85,789	\$99,012	\$96,364
(102,390)	(128,629)	(88,130)	(85,789)	(99,012)	(96,364)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$814,555	\$949,992	\$895,633	\$873,614	\$927,079	\$910,813
12.57%	13.54%	9.84%	9.82%	10.68%	10.58%

**Caldwell Exempted Village School District, Ohio**

*Required Supplementary Information*

*Schedule of the School District Contributions*

*State Teachers Retirement System of Ohio*

*Last Ten Fiscal Years*

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually Required Contribution	\$419,530	\$360,975	\$394,309	\$395,039
Contributions in Relation to the Contractually Required Contribution	(419,530)	(360,975)	(394,309)	(395,039)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered-Employee Payroll	\$2,996,643	\$2,776,731	\$3,033,146	\$3,038,762
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.00%	13.00%	13.00%

2011	2010	2009	2008	2007	2006
\$428,589	\$389,563	\$349,371	\$385,413	\$407,082	\$426,309
(428,589)	(389,563)	(349,371)	(385,413)	(407,082)	(426,309)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$3,296,838	\$2,996,638	\$2,687,469	\$2,964,715	\$3,131,400	\$3,279,300
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

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**CALDWELL EXEMPTED VILLAGE SCHOOL DISTRICT  
NOBLE COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<b>FEDERAL GRANTOR/ Pass Through Grantor Program Title</b>	<b>Grant Year</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Expenditures</b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2014/2015	10.555	\$ 38,481	\$ 38,481
Cash Assistance:				
School Breakfast Program	2014/2015	10.553	49,455	49,455
National School Lunch Program	2014/2015	10.555	125,624	125,624
Cash Assistance Subtotal			<u>175,079</u>	<u>175,079</u>
Total Child Nutrition Cluster			<u>213,560</u>	<u>213,560</u>
Total U.S. Department of Agriculture			<u>213,560</u>	<u>213,560</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
<i>Passed Through Ohio Department of Education:</i>				
Title 1 Grants to Local Educational Agencies	2014	84.010	29,516	44,387
	2015		<u>223,569</u>	<u>223,433</u>
Total Title 1 Grants to Local Educational Agencies			<u>253,085</u>	<u>267,820</u>
Special Education Cluster:				
Special Education - Grants to States	2014	84.027	25,036	38,857
	2015		<u>182,569</u>	<u>183,101</u>
Total Special Education - Grants to States			<u>207,605</u>	<u>221,958</u>
Special Education - Preschool Grants	2015	84.173	<u>10,130</u>	<u>10,130</u>
Total Special Education Cluster			<u>217,735</u>	<u>232,088</u>
Rural Education	2014	84.358	1,322	1,984
	2015		<u>10,002</u>	<u>10,002</u>
Total Rural Education			<u>11,324</u>	<u>11,986</u>
Improving Teacher Quality State Grants	2014	84.367	2,278	6,914
	2015		<u>39,953</u>	<u>39,955</u>
Total Improving Teacher Quality State Grants			<u>42,231</u>	<u>46,869</u>
ARRA - Race-to-the-Top Incentive Grants, Recovery Act	2014	84.395	<u>700</u>	<u>700</u>
Total U.S. Department of Education			<u>525,075</u>	<u>559,463</u>
<b>Total Federal Awards Receipts and Expenditures</b>			<b><u>\$ 738,635</u></b>	<b><u>\$ 773,023</u></b>

*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, 2015**

**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 the fair value. The School District allocated donated food commodities to the respective programs that benefitted 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, the 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, 2015, 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 March 22, 2016. We noted the School District adopted Governmental Accounting Standards Board Statement (GASB) No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date*.

### ***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.

Caldwell Exempted Village School District  
Noble County  
Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

***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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***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.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

March 22, 2016



# Dave Yost • Auditor of State

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

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

To the Board of Education:

### ***Report on Compliance for the 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 the School District's major federal program for the year ended June 30, 2015. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the School District's major federal program.

### ***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 program.

### ***Auditor's Responsibility***

Our responsibility is to opine on the School District's compliance for the School District's major federal program 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 program. However, our audit does not provide a legal determination of the School District's compliance.

### ***Opinion on the Major Federal 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 its major federal program for the year ended June 30, 2015.

Caldwell Exempted Village School District  
Noble County  
Independent Auditor's Report on Compliance with Requirements  
Applicable to the Major Federal Program and on Internal Control Over  
Compliance Required by OMB Circular A-133  
Page 72

***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 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 we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests 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

March 22, 2016

CALDWELL EXEMPTED VILLAGE SCHOOL DISTRICT  
NOBLE COUNTY

SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2015

**SUMMARY OF AUDITOR'S RESULTS**

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list): • Title I – CFDA 84.010	
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

CALDWELL EXEMPTED VILLAGE SCHOOL DISTRICT  
NOBLE COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A-133 § .315(b)  
JUNE 30, 2015

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2014-001	Ohio Rev. Code § 5705.38(B) - A permanent appropriation resolution was not approved by the Board by the required date.	Yes	N/A.



# Dave Yost • Auditor of State

## CALDWELL EXEMPTED VILLAGE SCHOOL DISTRICT

NOBLE COUNTY

### CLERK'S CERTIFICATION

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

A handwritten signature in cursive script that reads "Susan Babbitt".

CLERK OF THE BUREAU

CERTIFIED  
MARCH 31, 2016