



Dave Yost • Auditor of State

**CALDWELL EXEMPTED VILLAGE SCHOOL DISTRICT
NOBLE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Statement of Net Assets	11
Statement of Activities.....	12
Balance Sheet – Governmental Funds	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	14
Reconciliation of the Changes in Fund Balances of Governmental Funds to Statement of Activities.....	15
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund	16
Statement of Fund Net Assets – Health Self-Insurance Internal Service Fund.....	17
Statement of Revenues, Expenses and Changes in Fund Net Assets – Health Self-Insurance Internal Service Fund	18
Statement of Cash Flows – Health Self-Insurance Internal Service Fund.....	19
Statement of Fiduciary Assets and Liabilities – Agency Fund	20
Notes to the Basic Financial Statements	21
Federal Awards Receipts and Expenditures Schedule.....	49
Notes to the Federal Awards Receipts and Expenditures Schedule	50
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	51
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	53
Schedule of Findings – OMB Circular A-133 § .505	55
Schedule of Prior Audit Findings – OMB Circular A-133 § .315(b).....	56
Independent Accountant's Report on Applying Agreed-Upon Procedure	57

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Caldwell Exempted Village School District, Noble County, Ohio (the School District), as of and for the year ended June 30, 2011, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Caldwell Exempted Village School District, Noble County, Ohio, as of June 30, 2011, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, the School District adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2012, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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



Dave Yost
Auditor of State

March 2, 2012

Caldwell Exempted Village School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

The Management's Discussion and Analysis (MD&A) provides the reader with a narrative overview and analysis of the Caldwell Exempted Village School District's (School District) financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. The MD&A should be read in conjunction with the School District's basic financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2011 are as follows:

- The assets of the School District exceeded its liabilities at the close of the fiscal year ended June 30, 2011, by \$7,192,895 (net assets).
- Net assets of governmental activities decreased \$440,123 from fiscal year 2010.
- General revenues accounted for \$7,530,578 in revenue or 83 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants, contributions, and interest accounted for \$1,510,532 or 17 percent of total revenues of \$9,041,110.
- The School District had \$9,481,233 in expenses related to governmental activities; only \$1,510,532 of these expenses were offset by program specific charges for services and sales, grants, contributions, or interest. General revenues (primarily intergovernmental revenues and property taxes) of \$7,530,578 were not adequate to provide for these programs.
- The School District's major fund was the General Fund. The General Fund's balance decreased \$497,975.

Using this Annual Financial Report

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

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's General Fund with all other nonmajor funds presented in total in one column. In the case of the School District, the General Fund is by far the most significant fund.

Caldwell Exempted Village School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

Government-Wide Financial Statements

Statement of Net Assets and the Statement of Activities

While these documents contain information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during the 2011 fiscal year?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors. In the Statement of Net Assets and the Statement of Activities, all of the School District's programs and services are reported as Governmental Activities including instruction, support services, operation of non-instructional services, extracurricular activities, and interest.

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

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

Caldwell Exempted Village School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

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

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for fiscal year 2011 compared to fiscal year 2010:

Table 1
Net Assets

	Governmental Activities		
	2011	2010	Change
Assets			
Current and Other Assets	\$6,404,909	\$7,022,280	(\$617,371)
Capital Assets	4,471,775	4,714,210	(242,435)
Total Assets	10,876,684	11,736,490	(859,806)
Liabilities			
Long-Term Liabilities	362,438	367,861	(5,423)
Other Liabilities	3,321,351	3,735,611	(414,260)
Total Liabilities	3,683,789	4,103,472	(419,683)
Net Assets			
Invested in Capital Assets, Net of Related Debt	4,471,775	4,714,210	(242,435)
Restricted	389,520	528,035	(138,515)
Unrestricted	2,331,600	2,390,773	(59,173)
Total Net Assets	\$7,192,895	\$7,633,018	(\$440,123)

Total assets decreased \$859,806. Current and other assets decreased \$617,371. This decrease was mainly due to a decrease in cash and cash equivalents of \$832,178, a decrease in intergovernmental receivables of \$73,162, and a decrease in property taxes receivable of \$77,857. The decrease in cash and cash equivalents was primarily due to a decrease in property taxes received during fiscal year 2011, as well as a reduction in State foundation funding. Likewise, the decrease in property taxes receivable was due to the expiration of a 7.5 mill levy. When the 12 mill levy was approved in November 2008, the Board agreed to allow the existing levy to expire, which was collecting at approximately 5 effective mills.

Other liabilities decreased \$414,260 mainly due to a decrease in deferred revenue of \$485,866 related to the corresponding decrease in property taxes receivable. This decrease was offset by an increase of \$41,689 in accrued wages and benefits payable primarily because of an increase in base wages of three percent in fiscal year 2011 over fiscal year 2010.

Caldwell Exempted Village School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

Table 2 shows the changes in net assets for fiscal year 2011 and comparisons to fiscal year 2010:

Table 2
Changes in Net Assets

	Governmental Activities		
	2011	2010	Change
Revenues			
Program Revenues			
Charges for Services and Sales	\$658,349	\$635,621	\$22,728
Operating Grants, Contributions, and Interest	852,183	963,619	(111,436)
Total Program Revenues	<u>1,510,532</u>	<u>1,599,240</u>	<u>(88,708)</u>
General Revenues			
Property Taxes	2,828,744	2,583,225	245,519
Grants and Entitlements	4,614,546	4,670,050	(55,504)
Other	87,288	107,361	(20,073)
Total General Revenues	<u>7,530,578</u>	<u>7,360,636</u>	<u>169,942</u>
Total Revenues	<u>9,041,110</u>	<u>8,959,876</u>	<u>81,234</u>
Program Expenses			
Instruction			
Regular	4,317,825	4,492,493	(174,668)
Special	808,402	850,164	(41,762)
Vocational	104,739	84,991	19,748
Adult/Continuing	5,326	4,977	349
Intervention	927	2,071	(1,144)
Support Services			
Pupils	580,666	572,650	8,016
Instructional Staff	577,499	523,160	54,339
Board of Education	37,538	44,086	(6,548)
Administration	705,554	735,739	(30,185)
Fiscal	330,424	361,088	(30,664)
Operation and Maintenance of Plant	571,286	500,494	70,792
Pupil Transportation	677,445	628,818	48,627
Central	4,408	5,000	(592)
Operation of Non-Instructional Services	446,505	428,962	17,543
Extracurricular Activities	312,689	284,621	28,068
Total Expenses	<u>9,481,233</u>	<u>9,519,314</u>	<u>(38,081)</u>
Change in Net Assets	(440,123)	(559,438)	119,315
Net Assets Beginning of Year	<u>7,633,018</u>	<u>8,192,456</u>	<u>(559,438)</u>
Net Assets End of Year	<u><u>\$7,192,895</u></u>	<u><u>\$7,633,018</u></u>	<u><u>(\$440,123)</u></u>

Caldwell Exempted Village School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. As the result of legislation enacted in 1976, the overall revenue generated by the levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00. Our School District, which is dependent upon property taxes, is hampered by a lack of other revenue growth and must periodically return to the voters to maintain a constant level of service. Over the past several years, several taxes on the tangible personal property of general businesses, telephone and telecommunications companies, and railroads were phased out by the Ohio Legislature. These taxes were phased out by reducing the assessment rate on the property each year. Initially the Ohio Legislature provided hold-harmless reimbursements for the lost revenues, but with the enactment of HB 153, the District will lose all revenue replacement funding by the end of fiscal year 2012. Many districts were able to recoup much of the lost revenue through the State foundation program, but since the Caldwell School District has been a "guarantee district", no additional funding was realized, resulting in true revenue losses. The last successful operating levy renewal was passed in the November, 2008, election.

Total revenues increased from fiscal year 2010 to fiscal year 2011. This increase was due mainly to increases in property tax revenues in the amount of \$245,519.

Total expenses decreased \$38,081. Regular instruction and special instruction decreased \$174,668 and \$41,762 respectively.

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 31% of revenues for governmental activities for the School District in fiscal year 2011.

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, 2011
Unaudited

Table 3
Governmental Activities

	Total Cost of Services 2011	Net Cost of Services 2011	Total Cost of Services 2010	Net Cost of Services 2010
Instruction:				
Regular	\$4,317,825	\$3,956,132	\$4,492,493	\$4,121,639
Special	808,402	424,204	850,164	473,306
Vocational	104,739	68,205	84,991	48,729
Adult/Continuing	5,326	5,326	4,977	4,977
Intervention	927	927	2,071	2,071
Support Services:				
Pupils	580,666	529,607	572,650	497,549
Instructional Staff	577,499	494,946	523,160	316,003
Board of Education	37,538	37,538	44,086	44,086
Administration	705,554	659,235	735,739	684,721
Fiscal	330,424	330,424	361,088	361,088
Operation and Maintenance of Plant	571,286	571,166	500,494	499,820
Pupil Transportation	677,445	668,351	628,818	620,294
Central	4,408	(592)	5,000	906
Operation of Non-Instructional Services	446,505	46,183	428,962	88,259
Extracurricular Activities	312,689	179,049	284,621	156,626
Total Expenses	<u>\$9,481,233</u>	<u>\$7,970,701</u>	<u>\$9,519,314</u>	<u>\$7,920,074</u>

The dependence upon tax revenues for governmental activities is apparent. Approximately 85 percent of instruction activities are supported primarily by taxes, unrestricted grants and entitlements, and other general revenues.

The School District's Funds

The School District's major fund is accounted for using the modified accrual basis of accounting. The General Fund had total revenues of \$7,137,800, expenditures of \$7,590,775, and other financing uses of \$45,000. The General Fund's balance decreased \$497,975. This decrease in the General Fund is due to a reduction in the amount of State foundation dollars received. Additionally, an increase in base employee wages, coupled with a large one-time textbook purchase expenditure, contributed to the decrease in the General Fund cash balance.

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 2011, 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.

Caldwell Exempted Village School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

The largest change from the original to the final budgeted revenues is in property taxes which were decreased during the year by \$133,000 as more precise estimates were obtained from the county auditor. Budgeted amounts were changed during the year for expenditures, as initial estimates for instructional salaries and benefits were higher than actual. Additionally, nearly \$100,000 in General Fund preschool expenses were offset by the IDEA-B ARRA stimulus grant.

The budget basis revenue was \$7,142,535, above final estimates of \$7,107,729. The budget basis expenditures were \$7,619,698, which represented a change from the final estimate of \$8,005,769. Of this \$386,071 difference, the majority was due to the School District's conservative estimates for expenditures.

The School District's ending General Fund budgetary balance was \$903,148.

Capital Assets and Debt Administration

At the end of fiscal year 2011, the School District had \$4,471,775 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 no debt outstanding.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jeff Croucher, Treasurer at Caldwell Exempted Village School District, 516 Fairground St., Caldwell, Ohio 43724.

This page intentionally left blank.

Caldwell Exempted Village School District, Ohio

Statement of Net Assets

June 30, 2011

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,582,689
Cash and Cash Equivalents with Fiscal Agents	1,834,430
Accounts Receivable	4,647
Intergovernmental Receivable	133,975
Prepaid Items	4,680
Materials and Supplies Inventory	1,598
Inventory Held for Resale	9,958
Property Taxes Receivable	2,832,932
Nondepreciable Capital Assets	381,096
Depreciable Capital Assets, Net	4,090,679
Total Assets	<u>10,876,684</u>
Liabilities	
Accounts Payable	35,792
Accrued Wages and Benefits Payable	822,393
Intergovernmental Payable	263,321
Matured Compensated Absences Payable	17,560
Claims Payable	194,320
Deferred Revenue	1,987,965
Long-Term Liabilities:	
Due Within One Year	9,741
Due In More Than One Year	352,697
Total Liabilities	<u>3,683,789</u>
Net Assets	
Invested in Capital Assets	4,471,775
Restricted for:	
Capital Projects	17,861
Debt Service	55,534
Budget Stabilization	28,284
Unclaimed Monies	177
Other Purposes	287,664
Unrestricted	2,331,600
Total Net Assets	<u><u>\$7,192,895</u></u>

See accompanying notes to the basic financial statements

Caldwell Exempted Village School District, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2011

	Program Revenues			Net (Expense)
	Expenses	Charges for Services and Sales	Operating Grants, Contributions, and Interest	Revenue and Changes in Net Assets
Governmental Activities				Governmental Activities
Instruction:				
Regular	\$4,317,825	\$312,815	\$48,878	(\$3,956,132)
Special	808,402	0	384,198	(424,204)
Vocational	104,739	0	36,534	(68,205)
Adult/Continuing	5,326	0	0	(5,326)
Intervention	927	0	0	(927)
Support Services:				
Pupils	580,666	42,769	8,290	(529,607)
Instructional Staff	577,499	0	82,553	(494,946)
Board of Education	37,538	0	0	(37,538)
Administration	705,554	0	46,319	(659,235)
Fiscal	330,424	0	0	(330,424)
Operation and Maintenance of Plant	571,286	120	0	(571,166)
Pupil Transportation	677,445	873	8,221	(668,351)
Central	4,408	0	5,000	592
Operation of Non-Instructional Services:				
Food Service Operations	410,533	140,411	231,255	(38,867)
External Participation in Internal Service Fund	35,972	28,656	0	(7,316)
Extracurricular Activities	312,689	132,705	935	(179,049)
Total Governmental Activities	<u>\$9,481,233</u>	<u>\$658,349</u>	<u>\$852,183</u>	<u>(7,970,701)</u>
General Revenues				
Property Taxes Levied for General Purposes				2,828,744
Grants and Entitlements not Restricted to Specific Programs				4,614,546
Interest				49,861
Miscellaneous				37,427
Total General Revenues				<u>7,530,578</u>
Change in Net Assets				(440,123)
Net Assets Beginning of Year				<u>7,633,018</u>
Net Assets End of Year				<u>\$7,192,895</u>

See accompanying notes to the basic financial statements

Caldwell Exempted Village School District, Ohio

Balance Sheet

Governmental Funds

June 30, 2011

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$963,827	\$590,401	\$1,554,228
Accounts Receivable	2,416	2,231	4,647
Interfund Receivable	42,998	0	42,998
Intergovernmental Receivable	994	132,981	133,975
Prepaid Items	4,288	392	4,680
Materials and Supplies Inventory	0	1,598	1,598
Inventory Held for Resale	0	9,958	9,958
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	28,461	0	28,461
Property Taxes Receivable	2,832,932	0	2,832,932
Total Assets	<u>\$3,875,916</u>	<u>\$737,561</u>	<u>\$4,613,477</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$27,167	\$8,625	\$35,792
Accrued Wages and Benefits Payable	732,857	89,536	822,393
Interfund Payable	0	42,998	42,998
Intergovernmental Payable	240,029	23,292	263,321
Matured Compensated Absences Payable	17,560	0	17,560
Deferred Revenue	2,525,241	85,498	2,610,739
Total Liabilities	<u>3,542,854</u>	<u>249,949</u>	<u>3,792,803</u>
Fund Balances			
Nonspendable	4,465	1,990	6,455
Restricted	28,284	292,202	320,486
Assigned	300,313	205,656	505,969
Unassigned	0	(12,236)	(12,236)
Total Fund Balances	<u>333,062</u>	<u>487,612</u>	<u>820,674</u>
Total Liabilities and Fund Balances	<u>\$3,875,916</u>	<u>\$737,561</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 4,471,775

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

Property Taxes	517,932	
Tuition and Fees	1,638	
Grants	85,492	
Miscellaneous	17,712	
Total	<u>622,774</u>	

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets. 1,640,110

Compensated absences are not due and payable in the current period and therefore are not reported in the funds. (362,438)

Net Assets of Governmental Activities \$7,192,895

Caldwell Exempted Village School District, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	\$2,412,291	\$0	\$2,412,291
Intergovernmental	4,331,667	1,143,428	5,475,095
Interest	6,557	16	6,573
Tuition and Fees	312,202	0	312,202
Extracurricular Activities	43,642	132,705	176,347
Charges for Services	0	140,411	140,411
Contributions and Donations	2,160	935	3,095
Miscellaneous	29,281	7,266	36,547
Total Revenues	<u>7,137,800</u>	<u>1,424,761</u>	<u>8,562,561</u>
Expenditures			
Current:			
Instruction:			
Regular	3,725,769	338,680	4,064,449
Special	430,566	396,997	827,563
Vocational	103,922	0	103,922
Adult/Continuing	5,326	0	5,326
Intervention	927	0	927
Support Services:			
Pupils	565,999	6,173	572,172
Instructional Staff	475,389	85,141	560,530
Board of Education	37,538	0	37,538
Administration	634,765	49,965	684,730
Fiscal	324,105	0	324,105
Operation and Maintenance of Plant	500,930	87,161	588,091
Pupil Transportation	627,684	253	627,937
Central	0	4,408	4,408
Operation of Non-Instructional Services:			
Food Service Operations	0	400,177	400,177
Extracurricular Activities	157,855	151,059	308,914
Total Expenditures	<u>7,590,775</u>	<u>1,520,014</u>	<u>9,110,789</u>
Excess of Revenues Under Expenditures	<u>(452,975)</u>	<u>(95,253)</u>	<u>(548,228)</u>
Other Financing Source (Use)			
Transfers In	0	45,000	45,000
Transfers Out	(45,000)	0	(45,000)
Total Other Financing Source (Use)	<u>(45,000)</u>	<u>45,000</u>	<u>0</u>
Net Change in Fund Balances	(497,975)	(50,253)	(548,228)
Fund Balances Beginning of Year (restated, See Note 3)	<u>831,037</u>	<u>537,865</u>	<u>1,368,902</u>
Fund Balances End of Year	<u>\$333,062</u>	<u>\$487,612</u>	<u>\$820,674</u>

See accompanying notes to the basic financial statements

Caldwell Exempted Village School District, Ohio
Reconciliation of the Changes in Fund Balances of Governmental Funds to Statement of Activities
For the Fiscal Year Ended June 30, 2011

Net Change in Fund Balances - Total Governmental Funds (\$548,228)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period:

Capital Outlay	51,641	
Current Year Depreciation	<u>(273,014)</u>	(221,373)

Capital Assets removed from the capital asset account on the statement of net assets results in a gain or loss on disposal of capital assets on the statement of activities. (21,062)

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

Grants	(11,461)	
Tuition and Fees	613	
Miscellaneous	17,712	
Delinquent Property Taxes	<u>416,453</u>	423,317

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. 5,423

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. (78,200)

Change in Net Assets of Governmental Activities (\$440,123)

See accompanying notes to the basic financial statements

Caldwell Exempted Village School District, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property Taxes	\$2,557,500	\$2,424,500	\$2,420,735	(\$3,765)
Intergovernmental	4,415,500	4,312,500	4,344,670	32,170
Interest	22,250	8,250	6,864	(1,386)
Tuition and Fees	296,500	296,500	312,017	15,517
Extracurricular Activities	56,400	56,400	43,642	(12,758)
Contributions and Donations	1,000	1,000	2,260	1,260
Miscellaneous	8,579	8,579	12,347	3,768
Total Revenues	7,357,729	7,107,729	7,142,535	34,806
Expenditures				
Current:				
Instruction:				
Regular	3,943,196	3,792,196	3,653,644	138,552
Special	531,369	504,269	460,305	43,964
Vocational	107,701	116,251	109,136	7,115
Adult/Continuing	5,400	5,400	5,326	74
Intervention	19,000	19,000	937	18,063
Support Services:				
Pupils	623,200	593,900	553,459	40,441
Instructional Staff	467,825	503,825	463,008	40,817
Board of Education	63,357	63,357	41,515	21,842
Administration	685,289	635,889	639,964	(4,075)
Fiscal	356,371	345,371	330,973	14,398
Operation and Maintenance of Plant	581,832	586,832	549,442	37,390
Pupil Transportation	683,829	680,879	655,779	25,100
Extracurricular Activities	158,600	158,600	156,210	2,390
Total Expenditures	8,226,969	8,005,769	7,619,698	386,071
Excess of Revenues Under Expenditures	(869,240)	(898,040)	(477,163)	420,877
Other Financing Sources (Uses)				
Refund of Prior Year Expenditures	2,000	2,000	18,347	16,347
Refund of Prior Year Receipts	(901)	(5,201)	(4,270)	931
Transfers Out	(50,000)	(50,000)	(45,000)	5,000
Advances Out	(30,000)	(30,000)	0	30,000
Total Other Financing Sources (Uses)	(78,901)	(83,201)	(30,923)	52,278
Net Change in Fund Balance	(948,141)	(981,241)	(508,086)	473,155
Fund Balance Beginning of Year	1,257,830	1,257,830	1,257,830	0
Prior Year Encumbrances Appropriated	153,404	153,404	153,404	0
Fund Balance End of Year	\$463,093	\$429,993	\$903,148	\$473,155

See accompanying notes to the basic financial statements

Caldwell Exempted Village School District, Ohio

Statement of Fund Net Assets

Health Self-Insurance Internal Service Fund

June 30, 2011

Current Assets	
Cash and Cash Equivalents with Fiscal Agents	\$1,834,430
Current Liabilities	
Claims Payable	<u>194,320</u>
Net Assets	
Unrestricted	<u><u>\$1,640,110</u></u>

See accompanying notes to the basic financial statements

Caldwell Exempted Village School District, Ohio

*Statement of Revenues, Expenses
and Changes in Fund Net Assets
Health Self-Insurance Internal Service Fund
For the Fiscal Year Ended June 30, 2011*

Operating Revenues	
Charges for Services	\$1,671,229
Miscellaneous	<u>25,454</u>
Total Operating Revenues	<u>1,696,683</u>
Operating Expenses	
Purchased Services	478,428
Claims	<u>1,339,743</u>
Total Operating Expenses	<u>1,818,171</u>
Operating Loss	(121,488)
Non-Operating Revenue	
Interest	<u>43,288</u>
Change in Net Assets	(78,200)
Net Assets Beginning of Year	<u>1,718,310</u>
Net Assets End of Year	<u><u>\$1,640,110</u></u>

See accompanying notes to the basic financial statements

Caldwell Exempted Village School District, Ohio
Statement of Cash Flows
Health Self-Insurance Internal Service Fund
For the Fiscal Year Ended June 30, 2011

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities

Cash Received from Transactions with Other Funds	\$1,642,573
Cash Received from Customers	28,656
Other Cash Receipts	25,454
Cash Payments for Goods and Services	(478,428)
Cash Payments for Claims	<u>(1,302,697)</u>

Net Cash Used for Operating Activities (84,442)

Cash Flows from Investing Activities

Interest on Investments	<u>43,288</u>
-------------------------	---------------

Net Decrease in Cash and Cash Equivalents (41,154)

Cash and Cash Equivalents Beginning of Year 1,875,584

Cash and Cash Equivalents End of Year \$1,834,430

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

Operating Loss (\$121,488)

Increase in Claims Payable 37,046

Net Cash Used for Operating Activities (\$84,442)

See accompanying notes to the basic financial statements

Caldwell Exempted Village School District, Ohio

Statement of Fiduciary Assets and Liabilities

Agency Fund

June 30, 2011

Assets

Equity in Pooled Cash and Cash Equivalents \$20,869

Liabilities

Due to Students \$20,869

See accompanying notes to the basic financial statements

Caldwell Exempted Village School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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 41 classified employees and 61 certificated full-time teaching personnel who provide services to 861 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. No separate governmental units meet the criteria for inclusion as a component unit.

The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (OME-RESA), the Mid-East Career and Technology Centers, and the Coalition of Rural and Appalachian Schools which are defined as jointly governed organizations; the Ohio School Plan (OSP), which is defined as a group insurance purchasing pool; the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Self-Insurance Plan, which is defined as a risk sharing, claims servicing and insurance purchasing pool; and is associated with the Caldwell Public Library which is defined as a Related Organization. Additional information concerning these organizations is presented in Notes 17 and 18.

Caldwell Exempted Village School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

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

The statement of net assets presents the financial condition of the governmental activities of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

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

Caldwell Exempted Village School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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

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

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

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

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

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

C. Measurement Focus

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

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

Caldwell Exempted Village School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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

D. Basis of Accounting

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

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 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.

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

Property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Caldwell Exempted Village School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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

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

E. Cash and Cash Equivalents

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

During fiscal year 2011, the School District's investments were limited to federal agency securities, money market mutual fund, and STAROhio. Federal agency securities and the money market mutual fund are reported at fair value based on quoted market prices. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2011.

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 2011 amounted to \$6,557, which includes \$2,561 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2011, 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.

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.

Caldwell Exempted Village School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

H. Capital Assets

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

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

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

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

I. Interfund Balances

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

J. Compensated Absences

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

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

Caldwell Exempted Village School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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

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

K. Accrued Liabilities and Long-term Obligations

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

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

L. Internal Activity

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

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

M. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other government or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the General Fund represent cash and cash equivalents required by State statute to be set aside to create a reserve for budget stabilization and unclaimed monies. See Note 20 for additional information regarding set-asides.

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, 2011

It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

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 Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include music and athletic programs and local, federal, and state grants restricted to expenditure for specified purposes.

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

Caldwell Exempted Village School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

P. Operating Revenues and Expenses

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

Q. Extraordinary and Special Items

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

R. Estimates

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

S. Budgetary Process

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

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

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

Caldwell Exempted Village School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 3 – Change in Accounting Principle and Restatement of Fund Balances

A. Change in Accounting Principle

For fiscal year 2011, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions”. GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement resulted in the reclassification of certain funds and restatement of the School District’s financial statements.

B. Restatement of Fund Balances

The implementation of GASB Statement No. 54 had the following effect on fund balances of the major and nonmajor funds as they were previously reported.

	General	Other Governmental Funds
Fund Balance at		
June 30, 2010	\$798,804	\$570,098
Change in Fund Structure	32,233	(32,233)
Adjusted Fund Balance at		
June 30, 2010	\$831,037	\$537,865

Note 4 – Fund Balances

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

Caldwell Exempted Village School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Fund Balances	General	Other Governmental Funds	Total
<u>Nonspendable:</u>			
Prepays	\$4,288	\$392	\$4,680
Materials and Supplies Inventory	0	1,598	1,598
Unclaimed Monies	177	0	177
<i>Total Nonspendable</i>	<u>4,465</u>	<u>1,990</u>	<u>6,455</u>
<u>Restricted for:</u>			
Food Service Operations	0	12,954	12,954
Athletics and Music	0	9,956	9,956
Federal Grant Expenditures	0	5,263	5,263
State Grant Expenditures	0	1,142	1,142
Fiscal Stabilization	0	2,314	2,314
Budget Stabilization	28,284	0	28,284
Teacher Development	0	20	20
Debt Service Payments	0	55,534	55,534
Capital Improvements	0	205,019	205,019
<i>Total Restricted</i>	<u>28,284</u>	<u>292,202</u>	<u>320,486</u>
<u>Assigned to:</u>			
Capital Improvements	0	205,656	205,656
Other Purposes	300,313	0	300,313
<i>Total Assigned</i>	<u>300,313</u>	<u>205,656</u>	<u>505,969</u>
Unassigned:	0	(12,236)	(12,236)
<i>Total Fund Balances</i>	<u><u>\$333,062</u></u>	<u><u>\$487,612</u></u>	<u><u>\$820,674</u></u>

Note 5 - Accountability

At June 30, 2011, the following funds had deficit fund balances:

Special Revenue Funds	Amount
IDEA Part B Grant	\$10,841
Title II-A	1,371
High Schools that Work Grant	23
Drug Free Grant	1

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

Caldwell Exempted Village School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Basis) presented for the General Fund and Food Service Special Revenue Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

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

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

Net Change in Fund Balance

	General Fund
GAAP Basis	(\$497,975)
Net Adjustment for Revenue Accruals	20,862
Unreported Items - Beginning of Fiscal Year	234
Prepaid Items:	
Beginning of Fiscal Year	9,502
End of Fiscal Year	(4,288)
Net Adjustment for Expenditure Accruals	52,264
Advance In	1,986
Encumbrances	(90,671)
Budget Basis	(\$508,086)

Caldwell Exempted Village School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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.

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 (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short

Caldwell Exempted Village School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

selling are also prohibited. Investments may only be made through specified dealers and institutions.

At June 30, 2011, the School District's internal service fund had a balance of \$1,834,430 with OME-RESA, a claims servicing pool (see Note 17). The balance is held by the claims administrator in a pooled account which is representative of numerous entities and therefore cannot be included in the risk disclosures reported by the School District. Disclosures for the OME-RESA Self-Insurance Plan as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Ohio Mid-Eastern Regional Educational Service Agency Self-Insurance Plan, Treasurer, Jefferson County ESC, Steubenville, Ohio 43695.

Deposits Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$288,295 of the School District's bank balance of \$538,295 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, 2011, the School District had the following investments. All investments are in an internal investment pool.

	Fair Value	Maturity	Investments	Rating	Agency
Federal Home Loan Bank	\$349,918	08/25/11-01/15/14	27.09%	Aaa/AAA	Moody's/S&P
Federal Home Loan Mortgage Assoc.	300,180	9/28/12-10/28/13	23.25%	Aaa/AAA	Moody's/S&P
Federal National Mortgage Assoc.	100,030	10/30/2012	7.74%	Aaa/AAA	Moody's/S&P
Federal Home Loan Bank Discount Notes	259,800	2/17/2012	20.11%	Aaa/AAA	Moody's/S&P
StarOhio	281,695	Average 58.3 days	21.81%	AAAm	S&P
Total	<u>\$1,291,623</u>				

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

Caldwell Exempted Village School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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

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

Note 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, public utility, and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2011 represents collections of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed value listed as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2011 represents collections of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien December 31, 2009, were levied after April 1, 2010, and are collected in calendar year 2011 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2010 (other than public utility property) represents the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Payments made by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Noble and Washington Counties. The County Treasurers collect property taxes on behalf of all taxing districts in the county, including the School District. The County Auditors periodically advance to the School District its portion of taxes collected. Second-half real property tax payments collected by the County by June 30, 2011, are available to finance fiscal year 2011 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, public utility property, and tangible personal property taxes which were measurable as of June 30, 2011, 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.

Caldwell Exempted Village School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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 revenue.

At June 30, 2011, \$327,035 was available as an advance in the General Fund. The amount available as an advance at June 30, 2010, was \$335,479 in the General Fund.

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

The assessed values upon which the fiscal year 2011 taxes were collected are:

	2010 First- Half Collections		2011 Second- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$91,146,780	87.81%	\$92,270,200	86.92%
Public Utility Personal	12,400,630	11.95%	13,750,580	12.95%
General Business Personal	249,410	0.24%	137,710	0.13%
Total	\$103,796,820	100.00%	\$106,158,490	100.00%
Tax rate per \$1,000 of assessed valuation	\$32.50		\$32.50	

Note 9 - Receivables

Receivables at June 30, 2011, consisted of property taxes, interfund, accounts (billings for user charged services and student fees and tuition), and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables, except property taxes, are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Caldwell Exempted Village School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

A summary of principal items of intergovernmental receivables follows:

	Amounts
Governmental Activities:	
State Department of Taxation	\$994
High Schools That Work	2,150
Special IDEA Part B Grant	17,494
ARRA - Special IDEA Part B Grant	28,162
Title I	16,000
ARRA - Title I	65,140
Drug Free Grant	964
Title II-A	3,030
Title II-D	41
Total	\$133,975

Note 10 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Nondepreciable Capital Assets				
Land	\$381,096	\$0	\$0	\$381,096
Depreciable Capital Assets				
Buildings and Improvements	8,516,063	0	0	8,516,063
Vehicles	1,074,118	14,504	0	1,088,622
Machinery, Equipment, Furniture, and Fixtures	1,215,883	37,137	(81,468)	1,171,552
Total Capital Assets Being Depreciated	10,806,064	51,641	(81,468)	10,776,237
Less Accumulated Depreciation:				
Buildings and Improvements	(4,624,871)	(152,812)	0	(4,777,683)
Vehicles	(854,382)	(46,077)	0	(900,459)
Machinery, Equipment, Furniture, and Fixtures	(993,697)	(74,125)	60,406	(1,007,416)
Total Accumulated Depreciation	(6,472,950)	(273,014) *	60,406	(6,685,558)
Total Capital Assets Being Depreciated, Net	4,333,114	(221,373)	(21,062)	4,090,679
Governmental Activities Capital Assets, Net	\$4,714,210	(\$221,373)	(\$21,062)	\$4,471,775

Caldwell Exempted Village School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$192,543
Special	5,094
Vocational	224
Support Services:	
Pupils	448
Instructional Staff	2,247
Administration	12,855
Fiscal	1,821
Operation and Maintenance of Plant	2,694
Pupil Transportation	45,621
Operating of Non-Instructional Services - Food Service	5,692
Extracurricular Activities	3,775
Total Governmental Depreciation	<u><u>\$273,014</u></u>

Note 11 - Interfund Transfers and Balances

Transfers were made during fiscal year 2011 from the General Fund to the Food Service Special Revenue Fund in the amount of \$45,000. This transfer was made to move unrestricted balances to support the food service non-instructional program accounted for in a separate fund.

Unpaid interfund cash advances at June 30, 2011, were as follows:

	Receivables	Payables
General Fund	\$42,998	\$0
Nonmajor Special Revenue Funds:		
High Schools That Work	0	1,907
IDEA Part B	0	41,012
Drug Free Schools	0	79
Total Special Revenue Funds	0	42,998
Total All Funds	\$42,998	\$42,998

The High Schools That Work and Drug Free Schools payable to the General Fund is due to a cash deficit at June 30, 2011. The remaining interfund receivable/payable is due to lags between the dates the interfund service was provided and when the transaction was recorded in the accounting system and when payments between funds were made.

Caldwell Exempted Village School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 12 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2011, the School District joined together with other school districts in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium to the OSP (see Note 17). In addition, the School District contracted with Westfield Insurance Company and the Hartford Steam Boiler Insurance Company for building, personal property, employee dishonesty, and equipment insurance. During fiscal year 2011, the School District purchased the following coverage:

<u>Ohio School Plan</u>		
Fleet Insurance:		
Liability	\$1,000,000	any one accident
Auto Medical Payments	\$5,000	any one accident
Uninsured Motorists	\$50,000	any one accident
Comprehensive	actual cash value	Buses - \$1,000 deductible Other Autos \$250 deductible
Collision	actual cash value	Buses - \$1,000 deductible Other Autos \$500 deductible
Liability Coverages:		
General Liability Aggregate Limit	\$3,000,000	
Employee Liability Coverage Aggregate Limit	\$3,000,000	
Employers' Liability Each Accident	\$1,000,000	
Errors and Omissions Aggregate Limit	\$3,000,000	\$2,500 deductible
Employment Practices Injury Aggregate Limit	\$3,000,000	\$2,500 deductible
Declaratory, Equitable, and Injunctive Relief Defense Aggregate	\$100,000	\$2,500 deductible
Violence Coverage Aggregate Limit	\$1,000,000	
<u>Westfield Insurance Company</u>		
Building and personal property	\$23,780,500	\$1,000 deductible
Football uniforms and equipment	\$25,000	\$500 deductible
Musical Instruments and related equipment	\$170,000	\$500 deductible
Employee Dishonesty	\$10,000	\$500 deductible
<u>Hartford Steam Boiler Insurance Company</u>		
Equipment Breakdown Limit	\$8,850,000	\$1,000 deductible
<u>Travelers Casualty and Surety Company of America</u>		
Treasurer Bond	\$25,000	
Superintendent and Board President Bond	\$25,000	each

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

Caldwell Exempted Village School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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 and prescription drug coverage and also covers one-half of the cost of vision insurance for all employees. The School District is a member of a claims servicing pool in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The School District's stop loss amount per person is \$35,000 for fiscal year 2011. The claims liability of \$194,320 reported in the internal service fund at June 30, 2011, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by the incremental claims adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the fund's claims liability amount in 2010 and 2011 were:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2010	\$138,501	\$1,264,217	\$1,245,444	\$157,274
2011	157,274	1,339,743	1,302,697	194,320

Note 13 - Other Employee Benefits

A. Compensated Absences

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

Caldwell Exempted Village School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

B. Life Insurance

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

Note 14 - Defined Benefit Pension Plans

A. School Employees Retirement System

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. 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, 2011, the allocation to pension and death benefits was 11.81 percent. The remaining 2.19 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010, and 2009, were \$96,199, \$153,901, and \$81,413, respectively. For fiscal year 2011, 40.42 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

B. State Teachers Retirement System

Plan Description – The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that can be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime

Caldwell Exempted Village School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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

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

Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. For the fiscal year ended June 30, 2011, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's required contributions to STRS Ohio for the DB Plan and for the defined benefit portion of the Combined Plan were \$415,748 and \$12,136 for the fiscal year ended June 30, 2011, \$389,090 and \$10,782 for the fiscal year ended June 30, 2010, and \$349,002 for the DB Plan for the fiscal year ended June 30, 2009. The Combined Plan information for the fiscal year ended June 30, 2009, was unavailable. For fiscal year 2011, 83.73 percent has been contributed for the DB plan and 83.73 percent has been contributed for the Combined Plan, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

Contributions made to STRS Ohio for the DC Plan for fiscal year 2011 were \$705 made by the School District and \$504 made by the plan members. In addition, member contributions of \$8,669 were made for fiscal year 2011 for the defined contribution portion of the Combined Plan.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2011, there are no board members who have elected Social Security.

Note 15 - Postemployment Benefits

A. School Employees Retirement System

Plan Description – The School District participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a

Caldwell Exempted Village School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

statutory limit. Benefit provisions and the obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2011, 1.43 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for fiscal year 2011, this amount was \$35,800. During fiscal year 2011, the School District paid \$14,558 in surcharge.

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

The School District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$32,959, \$200, and \$50,921, respectively. For fiscal year 2011, 34.77 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2011, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009, were \$6,578, \$8,072, and \$7,213 respectively. For fiscal year 2011, 43.93 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

B. State Teachers Retirement System

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$31,981, \$29,930, and \$26,846 respectively. For fiscal year 2011, 83.73 percent has been contributed, with the

Caldwell Exempted Village School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

Note 16 - Long-Term Obligations

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

	Outstanding			Amounts	
	06/30/10	Additions	Reductions	Outstanding 06/30/11	Due Within One Year
Governmental Activities:					
Compensated Absences	\$367,861	\$42,253	\$47,676	\$362,438	\$9,741

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

The overall debt margin of the School District as of June 30, 2011, was \$9,498,730, with an unvoted debt margin of \$106,158.

Note 17 - Jointly Governed Organizations and Public Entity Risk Pools

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 regional council of governments pursuant to State statutes. OME-RESA has 12 participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Monroe, Muskingum, Noble, and Tuscarawas Counties. OME-RESA is governed by a board which is selected by the member districts. OME-RESA possesses its own budgeting and financing authority. The continued existence of OME-RESA is not dependent on the District's continued participation and the School District has no equity interest in the Agency. The School District's payments for computer services to OME-RESA in fiscal year 2011 were \$28,214. To obtain financial information, write to the Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio.

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

Caldwell Exempted Village School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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. During fiscal year 2011, the School District's membership fee was \$325. The financial information for the Coalition can be obtained from the Executive Director, at McCracken Hall, Ohio University, Athens, Ohio 45701.

B. Public Entity Risk Pools

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

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

Caldwell Exempted Village School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 18 - 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 19 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2011.

B. Litigation

As of June 30, 2011, the School District is currently not a party to any material legal proceedings.

Note 20 - Set-Asides

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

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

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

Caldwell Exempted Village School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

	Textbooks	Capital Improvements	Budget Stabilization
Set Aside Reserve Balance at June 30, 2010	\$58,469	\$0	\$28,284
Current Year Set Aside Requirement	125,426	125,426	0
Current Year Qualifying Expenditures	(188,780)	(150,976)	0
Total	(\$4,885)	(\$25,550)	\$28,284
Balance Carried Forward to Future Fiscal Years	(\$4,885)	\$0	\$28,284
Set Aside Reserve Balance as of June 30, 2011	(\$4,885)	\$0	\$28,284

The School District had qualifying disbursements and offsets during the fiscal year that reduced the textbook and capital improvements set-aside amounts below zero. Effective July 1, 2011, House Bill 30, "The Unfunded Mandates Relief Act", eliminates the requirement that school districts annually set-aside an amount per pupil into a textbook and instructional materials fund.

This page intentionally left blank.

**CALDWELL EXEMPTED VILLAGE SCHOOL DISTRICT
NOBLE COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Grant Year	Federal CFDA Number	Receipts	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2010/2011	10.555	\$ 21,502	\$ 21,502
Cash Assistance:				
School Breakfast Program	2010/2011	10.553	83,948	83,948
National School Lunch Program	2010/2011	10.555	145,851	145,851
Cash Assistance Subtotal			<u>229,799</u>	<u>229,799</u>
Total Child Nutrition Cluster			<u>251,301</u>	<u>251,301</u>
Total U.S. Department of Agriculture			251,301	251,301
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education:</i>				
Title 1 Cluster:				
Title 1 Grants to Local Educational Agencies	2010 2011	84.010	26,964 <u>183,586</u>	29,416 <u>165,065</u>
Total Title 1 Grants to Local Educational Agencies			210,550	194,481
ARRA - Title 1 Grants to Local Educational Agencies	2010 2011	84.389	8,342 <u>15,285</u>	5,715 <u>15,115</u>
Total ARRA - Title 1 Grants to Local Educational Agencies			<u>23,627</u>	<u>20,830</u>
Total Title 1 Cluster			234,177	215,311
Special Education Cluster:				
Special Education - Grants to States	2010 2011	84.027	28,835 <u>205,717</u>	30,507 <u>184,228</u>
Total Special Education - Grants to States			<u>234,552</u>	<u>214,735</u>
Special Education - Preschool Grants	2011	84.173	10,848	10,848
ARRA - Special Education - Grants to States	2010 2011	84.391	349 <u>64,100</u>	<u>51,250</u>
Total ARRA - Special Education - Grants to States			<u>64,449</u>	<u>51,250</u>
Total Special Education Cluster			309,849	276,833
Safe and Drug-Free Schools and Communities - State Grants	2010 2011	84.186	(299) <u>2,121</u>	<u>2,201</u>
Total Safe and Drug-Free Schools and Communities - State Grants			1,822	2,201
Education Technology State Grants	2011	84.318	1,500	1,500
Improving Teacher Quality State Grants	2010 2011	84.367	7,420 <u>50,129</u>	8,874 <u>43,202</u>
Total Improving Teacher Quality State Grants			<u>57,549</u>	<u>52,076</u>
ARRA - State Fiscal Stabilization Fund - Education State Grants	2011	84.394	<u>331,620</u>	<u>329,306</u>
Total U.S. Department of Education			<u>936,517</u>	<u>877,227</u>
Total Federal Awards Receipts and Expenditures			<u>\$ 1,187,818</u>	<u>\$ 1,128,528</u>

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

**CALDWELL EXEMPTED VILLAGE SCHOOL DISTRICT
NOBLE COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – SUBRECIPIENTS

The School District passes certain federal awards received from Ohio Department of Education to other governments or not-for-profit agencies (subrecipients). As Note A describes, the School District reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the School District has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and the subrecipients achieve the award's performance goals.

NOTE C – 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 D – FOOD DONATION PROGRAM

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

NOTE E – TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. These transfers resulted in the Schedule reporting negative receipts. The School District transferred the following amount from 2010 to 2011 program:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Transferred from 2010 to 2011</u>
Safe and Drug-Free Schools and Communities – State Grants	84.186	\$299



Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Caldwell Exempted Village School District, Noble County, Ohio (the School District), as of and for the year ended June 30, 2011, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 2, 2012, wherein we noted the School District has adopted Governmental Accounting Standards Board Statement No. 54. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the School District's management in a separate letter dated March 2, 2012.

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



Dave Yost
Auditor of State

March 2, 2012



Dave Yost • Auditor of State

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

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

To the Board of Education:

Compliance

We have audited the compliance of the Caldwell Exempted Village School District, Noble County, Ohio (the School District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the School District's major federal programs for the year ended June 30, 2011. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the School District's major federal programs. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

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

743 East State Street, Athens Mall Suite B, Athens, Ohio 45701-2157
Phone: 740-594-3300 or 800-441-1389 Fax: 740-594-2110

www.ohioauditor.gov

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

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

We also noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the School District's management in a separate letter dated March 2, 2012.

We intend this report solely for the information and use of management, the audit committee, the Board of Education, others within the School District, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Dave Yost
Auditor of State

March 2, 2012

**CALDWELL EXEMPTED VILLAGE SCHOOL DISTRICT
NOBLE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2011**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under §.510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Nutrition Cluster – CFDA #'s 10.553, 10.555 State Fiscal Stabilization Fund – Education State Grants - CFDA #84.394
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

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, 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-001	A questioned cost was identified for the Special Education, IDEA Part B Fund in the amount of \$24,457 and in the Title I Fund in the amount of \$15,015, for the School District not providing any personnel activity reports or equivalent documentation for the Grant Coordinator who was paid from the Special Education, IDEA Part B Fund, the Title I Fund and the General Fund. The School District also did not have semi-annual certifications or personal activity reports on file for the audit period for one Special Education secretary and one Title I secretary.	Fully Corrected	Finding No Longer Valid; Grant Coordinator keeps a detailed time for each pay period which outlines his daily activities. Also, the School District maintains semi-annual certifications for all applicable employees.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

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

To the Board of Education:

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on January 13, 2011 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

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

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

March 2, 2012

743 East State Street, Athens Mall Suite B, Athens, Ohio 45701-2157
Phone: 740-594-3300 or 800-441-1389 Fax: 740-594-2110

www.ohioauditor.gov

This page intentionally left blank.



Dave Yost • Auditor of State

CALDWELL EXEMPTED VILLAGE SCHOOL DISTRICT

NOBLE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 20, 2012**