

**CALDWELL EXEMPTED
VILLAGE SCHOOL DISTRICT
NOBLE COUNTY, OHIO**

***BASIC FINANCIAL STATEMENTS
(AUDITED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2002***

CHARLES RADCLIFF, TREASURER



**Auditor of State
Betty Montgomery**

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Board of Education
Caldwell Exempted Village School District
Caldwell, Ohio

We have reviewed the Independent Auditor's Report of the Caldwell Exempted Village School District, Noble County, prepared by Trimble, Julian & Grube, Inc, for the audit period July 1, 2001 through June 30, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Caldwell Exempted Village School District is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

January 21, 2003

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**CALDWELL EXEMPTED VILLAGE SCHOOL DISTRICT
NOBLE COUNTY, OHIO**

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NOBLE COUNTY, OHIO**

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Independent Auditor's Report

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

We have audited the accompanying basic financial statements of Caldwell Exempted Village School District (the "School District"), as of and for the fiscal year ended June 30, 2002, as listed in the table of contents. These basic financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these basic 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Caldwell Exempted Village School District, Noble County, as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund type for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2002, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We applied limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion thereon.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the School District, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Trimble, Julian & Grube, Inc.
November 22, 2002

Caldwell Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2002
Unaudited

The discussion and analysis of Caldwell Exempted Village School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2002. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2002 are as follows:

- Net assets of governmental activities decreased \$306,472 which represents a 60 percent decrease from fiscal year 2001.
- General revenues accounted for \$5,888,795 in revenue or 82 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,301,368 or 18 percent of total revenues of \$7,190,163.
- Total assets of governmental activities decreased by \$42,492 primarily due to a decrease in capital assets associated with annual depreciation expense. Cash and cash equivalents and property taxes increased from fiscal year 2001 due to conservative spending and the sexennial revaluation of property values in the County.
- The School District had \$7,496,635 in expenses related to governmental activities; only \$1,301,368 of these expenses were offset by program specific charges for services and sales, grants, or contributions. General revenues (primarily intergovernmental revenues and property taxes) of \$5,888,795 were not adequate enough to provide for these programs.
- The general fund had \$5,920,202 in revenues and \$5,861,638 in expenditures. The general fund's fund balance increased to \$1,464,710 from \$1,419,673.

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 Caldwell Exempted Village School District as a financial whole, an entire operating entity. The statements then proceed to present a detailed outline of specific activities.

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 Caldwell Exempted Village School District, the general fund is by far the most significant fund.

Caldwell Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2002
Unaudited

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While these documents contains the large number of funds used by the School District to provide programs and activities, 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 2001-2002 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, the School District is divided into two distinct kinds of activities:

- **Governmental Activities** B Most of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.
- **Business-Type Activities** B These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The School District's only fund of this type is the Self-Insurance Internal Service Fund. However, the activity of this fund is combined with the Governmental Activities on the entity wide financial statements.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The basic governmental fund financial statements begin on page 3. Fund financial reports provide detailed information about the School District's major fund. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's only major governmental fund is the general fund.

**Caldwell Exempted Village School District
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2002
Unaudited**

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 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 2002 compared to fiscal year 2001:

(Table 1)
Net Assets

	Governmental Activities	
	2002	2001
Assets		
Current and Other Assets	\$6,580,476	\$6,296,293
Capital Assets	7,070,463	7,397,138
Total Assets	13,650,939	13,693,431
Liabilities		
Long-Term Liabilities	(1,231,157)	(1,399,540)
Other Liabilities	(3,272,643)	(2,840,280)
Total Liabilities	(4,503,800)	(4,239,820)
Net Assets		
Invested in Capital		
Assets Net of Debt	6,290,463	6,487,138
Restricted	921,344	904,308
Unrestricted	1,935,332	2,062,165
Total Net Assets	\$9,147,139	\$9,453,611

Total assets decreased \$42,492. Even though cash and cash equivalents increased \$223,740, the book value of capital assets decreased \$326,675. The decrease is due to depreciation expense on capital assets which exceeded current year acquisitions of capital assets. Also property taxes receivable increased due to the sexennial revaluation of property values in the County.

Caldwell Exempted Village School District
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2002
Unaudited

Long-term liabilities decreased \$168,383 as the School District made required bond payments of \$130,000 and did not issue new debt during fiscal year 2002. Conversely, other liabilities increased \$432,363 or 15 percent. \$91,695 of this increase is attributable to the increase in salary amounts from fiscal year 2001 and \$135,204 can be attributed to increased claims payable. Deferred revenue also increased by \$232,289 due primarily to increased property taxes receivable.

Net assets decreased \$306,472. Most of this decrease can be attributed to depreciation of capital assets and the corresponding decrease in net assets: invested in capital assets, net of related debt. Unrestricted net assets decreased \$126,833 or 6 percent primarily due to the increase in claims payable of the internal service fund.

Table 2 shows the changes in net assets for fiscal year 2002.

Table 2
Change in Net Assets

	Governmental Activities	
	2002	2001
Revenues		
Program Revenues:		
Charges for Services and Sales	\$419,848	\$407,441
Operating Grants and Contributions	810,759	802,497
Capital Grants and Contributions and Interest	70,761	91,023
General Revenues:		
Property Taxes	2,005,848	2,180,899
Grants and Entitlements	3,702,686	3,306,879
Other	180,261	278,996
Total Revenues	<u>7,190,163</u>	<u>7,067,735</u>
Program Expenses		
Instruction	4,174,454	3,761,482
Support Services:		
Pupil and Instructional Staff	641,388	546,629
Board of Education, Administration and Fiscal	926,319	852,612
Operation and Maintenance of Plant	509,305	517,193
Pupil Transportation	596,596	523,158
Central	2,307	2,130
Operation of Non-Instructional Services	362,511	354,324
Extracurricular Activities	218,025	232,207
Interest and Fiscal Charge	65,730	77,747
Total Expenses	<u>7,496,635</u>	<u>6,867,482</u>
Change in Net Assets	<u>(\$306,472)</u>	<u>\$200,253</u>

Caldwell Exempted Village School District
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2002
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 revenue growth and must periodically return to the voters to maintain a constant level of service. The last successful operating levy renewal was passed in the May 1999 election. Property taxes made up 28 percent of revenues for governmental activities for Caldwell Exempted Village Schools in fiscal year 2002.

As can be seen from Table 2, the largest factor in the decrease in net assets can be attributed to increased expenses of \$629,153. This increase is due to salary and salary related costs associated with a 4 percent union contract increase from fiscal year 2001 levels. The largest Governmental Activities program expense is instruction, which comprises 56 percent of expenses. Interest expense during fiscal year 2002 was \$65,730 and was attributable to the outstanding bonds for school improvements.

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

Table 3
Governmental Activities

	Total Cost of Services 2002	Net Cost of Services 2002
	2002	2002
Instruction	\$4,174,454	\$3,579,346
Support Services:		
Pupil and Instructional Staff	641,388	539,576
Board of Education, Administration and Fiscal	926,319	819,282
Operation and Maintenance of Plant	509,305	508,771
Pupil Transportation	596,596	552,231
Central	2,307	1,057
Operation of Non-Instructional Services	362,511	40,380
Extracurricular Activities	218,025	88,894
Interest and Fiscal Charges	65,730	65,730
Total Expenses	\$7,496,635	\$6,195,267

The dependence upon tax revenues for governmental activities is apparent. Over 85 percent of instruction activities are supported through taxes and intergovernmental revenues. For all governmental activities general revenue support is 83 percent. Unrestricted State entitlements and property taxes are by far the primary support for Caldwell Exempted Village School District students.

**Caldwell Exempted Village School District
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2002
Unaudited**

The School District's Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$7,117,410 and expenditures of \$7,076,275. The net change in fund balance for the year was most significant in the general fund, an increase of \$45,037. This net change indicates that the School District has been consistent in meeting School District obligations as a whole.

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.

For the general fund, budget basis revenues were \$263,748 above original budget estimates of \$5,793,059. This difference was due to conservative tax and intergovernmental estimates.

The School District's general fund ending unobligated cash balance was \$876,793 above the final budgeted amount.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2002, the School District had \$11,930,276 invested in land, buildings and improvements, vehicles, and machinery, equipment, furniture and fixtures in governmental activities. Table 4 shows fiscal year 2002 balances compared to 2001 after accumulated depreciation of \$4,859,813 and \$4,431,519, respectively:

(Table 4)
Capital Assets at June 30

	Governmental Activities	
	2002	2001
Land	\$356,700	\$356,700
Buildings and Improvements	6,131,271	6,340,416
Machinery, Furniture and Equipment	254,856	315,358
Vehicles	327,636	384,664
Totals	\$7,070,463	\$7,397,138

The primary decrease occurred in buildings and improvements due to annual depreciation costs. See note 10 for more detailed information of the School District's capital assets.

**Caldwell Exempted Village School District
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2002
Unaudited**

Set-asides

For fiscal year 2002, Ohio law required school districts to set aside three percent of certain revenues for capital improvements and an additional three percent for textbooks. For fiscal year 2002, this amounted to \$119,942 for each set aside. For fiscal year 2002 the School District had qualifying disbursements or offsets exceeding this \$119,942 requirement for these textbooks and capital maintenance.

Debt

At June 30, 2002 the School District had \$780,000 in bonds outstanding, with \$130,000 due within one year. Table 5 summarizes bonds outstanding:

(Table 5)
Outstanding Debt, at Year End

	Governmental Activities 2002	Governmental Activities 2001
General Obligation Bonds:		
1987 Elementary School Improvement	\$780,000	\$910,000

The 1987 School Improvement Bonds were originally issued in the amount of \$2,750,000 for the purpose of constructing a new elementary school, remodeling, renovating, furnishing, equipping and otherwise improving existing school buildings and acquiring and improving school sites. These general obligations will be paid from the debt service fund. See note 16 for more detailed information of the School District's debt.

Contacting the School District's Financial Management

This financial report is designed to provide our citizen-s, 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 Charles Radcliff, Treasurer at Caldwell Exempted Village School District, 516 Fairground St., Caldwell, Ohio 43724.

Caldwell Exempted Village School District, Ohio
Statement of Net Assets
June 30, 2002

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$3,146,476
Cash and Cash Equivalents with Fiscal Agents	1,134,443
Accrued Interest Receivable	1,411
Accounts Receivable	7,863
Intergovernmental Receivable	30,733
Materials and Supplies Inventory	1,599
Inventory Held for Resale	8,462
Prepaid Items	98,589
Property Taxes Receivable	2,150,900
Nondepreciable Capital Assets	356,700
Depreciable Capital Assets, Net	6,713,763
Total Assets	<u>13,650,939</u>
 Liabilities	
Accounts Payable	63,389
Accrued Wages and Benefits Payable	798,578
Intergovernmental Payable	143,985
Accrued Interest Payable	4,880
Claims Payable	225,951
Deferred Revenue	2,035,860
Long-Term Liabilities:	
Due Within One Year	314,756
Due In More Than One Year	916,401
Total Liabilities	<u>4,503,800</u>
 Net Assets	
Invested in Capital Assets, Net of Related Debt	6,290,463
Restricted for:	
Capital Projects	374,229
Debt Service	230,001
Set-Asides	28,284
Other Purposes	288,830
Unrestricted	1,935,332
Total Net Assets	<u><u>\$9,147,139</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, 2002

	Program Revenues				Net (Expense) Revenue and Change in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants, Contributions, and Interest	Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$3,196,381	\$19,105	\$81,069	\$14,467	(\$3,081,740)
Special	839,781	63,576	395,431	0	(380,774)
Vocational	132,160	0	21,460	0	(110,700)
Adult/Continuing	2,941	0	0	0	(2,941)
Other	3,191	0	0	0	(3,191)
Support Services:					
Pupils	344,167	37,301	9,927	0	(296,939)
Instructional Staff	297,221	0	38,271	16,313	(242,637)
Board of Education	38,378	0	0	0	(38,378)
Administration	647,630	0	100,171	364	(547,095)
Fiscal	240,311	0	6,502	0	(233,809)
Operation and Maintenance of Plant	509,305	534	0	0	(508,771)
Pupil Transportation	596,596	357	4,391	39,617	(552,231)
Central	2,307	0	1,250	0	(1,057)
Operation of Non-Instructional Services:					
Food Service Operations	355,598	163,683	145,164	0	(46,751)
Other Non-Instructional Services	6,913	12,264	1,020	0	6,371
Extracurricular Activities	218,025	123,028	6,103	0	(88,894)
Interest	65,730	0	0	0	(65,730)
Total Governmental Activities	\$7,496,635	\$419,848	\$810,759	\$70,761	(6,195,267)

General Revenues

Property Taxes Levied for:

General Purposes	1,779,002
Debt Service	190,676
Other Purposes	36,170
Grants and Entitlements not Restricted to Specific Programs	3,702,686
Gain on Disposal of Capital Assets	1,021
Unrestricted Contributions	16
Investment Earnings	136,384
Miscellaneous	42,840
Total General Revenues	5,888,795

Change in Net Assets (306,472)

Net Assets Beginning of Year 9,453,611

Net Assets End of Year \$9,147,139

See accompanying notes to the basic financial statements

Caldwell Exempted Village School District, Ohio

Balance Sheet
Governmental Funds
June 30, 2002

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$2,149,137	\$969,055	\$3,118,192
Materials and Supplies Inventory	0	1,599	1,599
Inventory Held for Resale	0	8,462	8,462
Accrued Interest Receivable	1,411	0	1,411
Accounts Receivable	506	361	867
Intergovernmental Receivable	6,240	24,493	30,733
Interfund Receivable	1,920	0	1,920
Prepaid Items	87,289	11,300	98,589
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	28,284	0	28,284
Property Taxes Receivable	1,906,880	244,020	2,150,900
Total Assets	<u>\$4,181,667</u>	<u>\$1,259,290</u>	<u>\$5,440,957</u>
Liabilities			
Accounts Payable	\$30,549	\$32,840	\$63,389
Accrued Wages and Benefits Payable	710,178	88,400	798,578
Intergovernmental Payable	75,378	6,713	82,091
Interfund Payable	0	1,920	1,920
Deferred Revenue	1,900,852	249,231	2,150,083
Total Liabilities	<u>2,716,957</u>	<u>379,104</u>	<u>3,096,061</u>
Fund Balances			
Reserved for Encumbrances	252,921	50,119	303,040
Reserved for Unclaimed Monies	637	0	637
Reserved for Budget Stabilization	28,284	0	28,284
Reserved for Debt Service	0	226,577	226,577
Reserved for Property Taxes	8,320	1,110	9,430
Unreserved:			
Designated:			
Designated for Budget Stabilization	40,000	0	40,000
Undesignated, Reported in:			
General Fund	1,134,548	0	1,134,548
Special Revenue Funds	0	243,841	243,841
Capital Projects Funds	0	358,539	358,539
Total Fund Balances	<u>1,464,710</u>	<u>880,186</u>	<u>2,344,896</u>
Total Liabilities and Fund Balances	<u>\$4,181,667</u>	<u>\$1,259,290</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.			7,070,463
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:			
	Property Taxes	105,610	
	Grants	8,613	
	Total Other Long-Term Assets		114,223
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.			915,488
Due to other governments includes contractually required pension contributions not expected to be paid with expendable available financial resources and therefore not reported in the funds.			(61,894)
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:			
	General Obligation Bonds	(780,000)	
	Tax Refund Payable	(21,477)	
	Compensated Absences	(429,680)	
	Accrued Interest Payable	(4,880)	
	Total Long-Term Liabilities		(1,236,037)
Net Assets of Governmental Activities			<u>\$9,147,139</u>

See accompanying notes to the basic financial statements

Caldwell Exempted Village School District, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2002

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	\$1,776,492	\$227,267	\$2,003,759
Intergovernmental	3,935,574	642,817	4,578,391
Interest	92,558	910	93,468
Tuition and Fees	82,661	0	82,661
Extracurricular Activities	0	140,393	140,393
Rentals	534	0	534
Charges for Services	0	163,683	163,683
Contributions and Donations	16	21,486	21,502
Miscellaneous	32,367	652	33,019
Total Revenues	<u>5,920,202</u>	<u>1,197,208</u>	<u>7,117,410</u>
Expenditures			
Current:			
Instruction:			
Regular	2,875,268	114,914	2,990,182
Special	562,648	203,063	765,711
Vocational	115,617	1,918	117,535
Adult/Continuing	2,941	0	2,941
Other	3,191	0	3,191
Support Services:			
Pupils	282,301	42,560	324,861
Instructional Staff	208,190	67,301	275,491
Board of Education	35,272	0	35,272
Administration	502,443	93,393	595,836
Fiscal	215,099	24,350	239,449
Operation and Maintenance of Plant	459,976	7,526	467,502
Pupil Transportation	495,664	4,683	500,347
Central	1,049	1,258	2,307
Operation of Non-Instructional Services:			
Food Service Operations	0	328,183	328,183
Other Non-Instructional Services	231	1,118	1,349
Extracurricular Activities	101,748	127,826	229,574
Debt Service:			
Principal Retirement	0	130,000	130,000
Interest and Fiscal Charges	0	66,544	66,544
Total Expenditures	<u>5,861,638</u>	<u>1,214,637</u>	<u>7,076,275</u>
Excess of Revenues Over (Under) Expenditures	<u>58,564</u>	<u>(17,429)</u>	<u>41,135</u>
Other Financing Sources (Uses)			
Proceeds from Disposal of Capital Assets	1,473	0	1,473
Transfers In	0	15,000	15,000
Transfers Out	(15,000)	0	(15,000)
Total Other Financing Sources (Uses)	<u>(13,527)</u>	<u>15,000</u>	<u>1,473</u>
Net Change in Fund Balances	45,037	(2,429)	42,608
Fund Balances Beginning of Year (Restated - Note 3)	<u>1,419,673</u>	<u>882,615</u>	<u>2,302,288</u>
Fund Balances End of Year	<u>\$1,464,710</u>	<u>\$880,186</u>	<u>\$2,344,896</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, 2002

Net Change in Fund Balances - Total Governmental Funds \$42,608

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:

Fixed Asset Additions	123,943	
Current Year Depreciation	<u>(450,166)</u>	(326,223)

Governmental funds only report the disposal of fixed assets to the extent proceeds in the amount of \$1,473 were received. In the statement of activities, a gain has been reported for \$1,021. The resulting difference is used as a reconciling item between the statement of activities and the fund financial statements. (452)

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

Grants	1,732	
Delinquent Property Taxes	<u>2,089</u>	3,821

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 130,000

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 814

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Compensated Absences	(11,676)	
Tax Refund	50,059	
Pension Obligation	<u>(1,792)</u>	36,591

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 expense of the internal service fund is reported with governmental activities. (193,631)

Change in Net Assets of Governmental Activities (\$306,472)

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, 2002

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$1,757,010	\$1,757,010	\$1,932,392	\$175,382
Intergovernmental	3,821,000	3,821,000	3,936,556	115,556
Interest	133,500	133,500	90,225	(43,275)
Tuition and Fees	72,000	72,000	83,862	11,862
Rentals	1,000	1,000	534	(466)
Contributions and Donations	0	0	16	16
Miscellaneous	8,549	8,549	13,222	4,673
Total Revenues	5,793,059	5,793,059	6,056,807	263,748
Expenditures				
Current:				
Instruction:				
Regular	2,977,245	2,977,245	2,919,423	57,822
Special	651,899	651,899	566,903	84,996
Vocational	116,249	116,249	115,708	541
Adult/Continuing	2,948	2,948	2,941	7
Other	27,146	27,146	8,627	18,519
Support Services:				
Pupils	303,700	303,700	297,284	6,416
Instructional Staff	250,560	250,560	211,844	38,716
Board of Education	93,284	93,284	69,286	23,998
Administration	594,855	594,855	515,222	79,633
Fiscal	254,398	254,398	234,620	19,778
Operation and Maintenance of Plant	605,450	605,450	502,280	103,170
Pupil Transportation	643,765	643,765	557,379	86,386
Central	1,759	1,759	1,759	0
Operation of Non-Instructional Services	235	235	231	4
Extracurricular Activities	113,302	113,302	101,273	12,029
Total Expenditures	6,636,795	6,636,795	6,104,780	532,015
Excess of Revenues Under Expenditures	(843,736)	(843,736)	(47,973)	795,763
Other Financing Sources (Uses)				
Proceeds from Disposal of Fixed Assets	1,500	1,500	1,473	(27)
Refund of Prior Year Expenditures	0	0	16,993	16,993
Refund of Prior Year Receipts	0	(44,000)	(42,226)	1,774
Other Financing Sources	3,000	3,000	0	(3,000)
Other Financing Uses	0	(60,322)	0	60,322
Advances In	0	0	4,825	4,825
Transfers Out	0	(15,143)	(15,000)	143
Total Other Financing Sources (Uses)	4,500	(114,965)	(33,935)	81,030
Net Change in Fund Balance	(839,236)	(958,701)	(81,908)	876,793
Fund Balance Beginning of Year	1,619,174	1,619,174	1,619,174	0
Prior Year Encumbrances Appropriated	343,824	343,824	343,824	0
Fund Balance End of Year	\$1,123,762	\$1,004,297	\$1,881,090	\$876,793

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, 2002

Current Assets

Cash and Cash Equivalents with Fiscal Agents	\$1,134,443
Accounts Receivable	<u>6,996</u>

Total Assets	<u>1,141,439</u>
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Current Liabilities

Claims Payable	<u>225,951</u>
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Total Liabilities	<u>225,951</u>
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Net Assets

Unrestricted	<u>915,488</u>
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Total Net Assets	<u><u>\$915,488</u></u>
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See accompanying notes to the basic financial statements

Caldwell Exempted Village School District, Ohio
Statement of Revenues, Expenses
and Changes in Fund Net Assets
Health Self-Insurance Internal Service Fund
For the Fiscal Year Ended June 30, 2002

Operating Revenues	
Charges for Services	\$867,936
Miscellaneous	11,821
	<hr/>
Total Operating Revenues	879,757
	<hr/>
Operating Expenses	
Purchased Services	175,562
Claims	941,652
	<hr/>
Total Operating Expenses	1,117,214
	<hr/>
Operating Loss	(237,457)
	<hr/>
Non-Operating Revenues	
Interest	43,826
	<hr/>
Total Non-Operating Revenues	43,826
	<hr/>
Change in Net Assets	(193,631)
	<hr/>
Net Assets Beginning of Year	1,109,119
	<hr/>
Net Assets End of Year	\$915,488
	<hr/> <hr/>

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, 2002

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities

Cash Received from Transactions with Other Funds	\$867,936
Other Cash Receipts	5,434
Cash Payments for Goods and Services	(175,562)
Cash Payments for Claims	<u>(806,448)</u>
Net Cash Used for Operating Activities	(108,640)

Cash Flows from Investing Activities

Interest on Investments	<u>43,826</u>
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Net Decrease in Cash and Cash Equivalents	(64,814)
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Cash and Cash Equivalents Beginning of Year	<u>1,199,257</u>
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Cash and Cash Equivalents End of Year	<u><u>\$1,134,443</u></u>
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**Reconciliation of Operating Loss to Net Cash
Used for Operating Activities**

Operating Loss	(\$237,457)
Increase in Accounts Receivable	(6,387)
Increase in Claims Payable	<u>135,204</u>
Net Cash Used for Operating Activities	<u><u>(\$108,640)</u></u>

See accompanying notes to the basic financial statements

Caldwell Exempted Village School District, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2002

Assets

Equity in Pooled Cash and Cash Equivalents	\$24,564
Cash and Cash Equivalents with Escrow Agents	<u>12,906</u>
Total Assets	<u><u>\$37,470</u></u>

Liabilities

Undistributed Monies	\$12,906
Due to Students	<u>24,564</u>
Total Liabilities	<u><u>\$37,470</u></u>

See accompanying notes to the basic financial statements

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. The Board of Education controls the School District's three instructional/support facilities staffed by 45 classified employees, 75 certificated full-time teaching personnel, and 4 administrators who provide services to 1,039 students and other community members. The School District is the 489th largest in the State of Ohio (among 613 school districts) in terms of enrollment.

Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to insure that the basic financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Caldwell Exempted Village 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. The School District has no component units.

The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) and the Mid-East Ohio Joint Vocational School District, which are defined as jointly governed organizations; the Ohio School Boards Association Workers' Compensation Group Rating Plan and the Ohio School Plan, which are defined as group insurance purchasing pools; and the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Self-Insurance Program, which is defined as a claims servicing pool. Additional information concerning these organizations is presented in Note 17.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities and proprietary 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.

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 financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

B. Fund Accounting

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

Caldwell Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

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 School District's only 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 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.

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.

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 funds account for student activities and an escrow account.

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
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

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 7). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest, 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, 2002, but which were levied to finance fiscal year 2003 operations, have been recorded as deferred revenue. Also, delinquent property taxes receivable have been shown as deferred revenue on the modified accrual basis and as property tax revenue on the accrual basis. 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
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

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". The School District maintains an escrow account that is held separate from the School District's central bank account and is reflected in the financial statements as "Cash and Cash Equivalents with Escrow Agents" (See Note 18).

During fiscal year 2002, the School District's investments were limited to Certificates of Deposit and STAROhio. Certificates of deposit are reported at cost. 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, 2002.

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 2002 amounted to \$92,558, which includes \$25,901 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, 2002, 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 expense/expenditure is reported in the year in which services are consumed.

G. Inventory

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

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

Caldwell Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

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. 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. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Buildings and Improvements	15-20 Years
Vehicles	15-20 Years
Machinery, Equipment, Furniture and Fixtures	15-20 Years

I. Interfund Balances

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

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

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 ten years of service.

Caldwell Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

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, compensated absences, and contractually required pension contributions 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. Bonds and leases are recognized as a liability on the governmental fund financial statements when due.

L. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

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 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. See Note 19 for additional information regarding set asides.

N. Fund Balance Reserves and Designations

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for unclaimed monies represents cash that, under Ohio law, must remain unclaimed for five years before it becomes available for appropriation. The reserve for debt service represents the fund balance in the debt service fund required to be used for future debt service requirements associated with an outstanding general obligation bond issue. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

Caldwell Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

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

O. Net Assets

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

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

P. Operating Revenues and Expenses

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

Q. Extraordinary and Special Items

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

R. Estimates

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

S. Budgetary Process

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by Board of Education at the fund level. The treasurer has been authorized to allocate Board appropriations to the function and object level within each fund.

Caldwell Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

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.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. 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 prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

Note 3 - Changes in Accounting Principles and Restatement of Fund Balances

Changes in Accounting Principles For fiscal year 2002, the School District has increased its capitalization threshold for capital assets from five hundred to one thousand dollars. There was no effect on prior year financial statements due to this change having a prospective effect as of July 1, 2001.

Restatement of Fund Balances In fiscal year 2001, the School District implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and GASB Statement No. 36, "Reporting for Certain Shared Nonexchange Revenues". In prior year, donated commodities on hand were reported as deferred revenue instead of revenue in the food service special revenue fund. This caused a net change in fund balance previously reported for the fiscal year ended June 30, 2001:

	<u>Other Governmental Funds</u>
Net Change in Fund Balances as previously reported	85,860
Removal of Deferred Revenue	(293)
Restated Net Change in Fund Balances for the year ended June 30, 2001	85,567

This had the following effect on fund balances as previously reported as of June 30, 2001:

	<u>Other Governmental Funds</u>
Balances as previously reported	\$877,085
Removal of Deferred Revenue	5,530
Restated Balances as of July 1, 2001	\$882,615

Note 4 – Accountability

At June 30, 2002, the Disadvantaged Pupil Impact Aid fund had a fund deficit in the amount of \$4,136. This deficit is 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
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 5 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Unrecorded cash represents 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.

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance

GAAP Basis	\$45,037
Net Adjustment for Revenue Accruals	154,878
Fiscal Year 2001 Unrecorded Cash	(2,880)
Fiscal Year 2002 Unrecorded Cash	1,600
Prepaid Items	18,197
Net Adjustment for Expenditure Accruals	(8,834)
Advance In	4,825
Encumbrances	<u>(294,731)</u>
Budget Basis	<u><u>(\$81,908)</u></u>

Caldwell Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 6 - Deposits and Investments

State statutes classify monies held by the School District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such 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.

Protection of School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bill, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to payment of principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, 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 provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

Caldwell Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

6. The State Treasurer's investment pool (STAROhio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements."

At June 30, 2002, the School District's internal service fund had a balance of \$1,134,443 with OME-RESA, a jointly governed organization (See Note 17). The money is held by the claims servicer in a pooled account which is representative of numerous entities and therefore cannot be classified by risk under GASB Statement 3. The classification of cash and cash equivalents and investments 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.

Unrecorded Cash At fiscal year end, the School District had \$1,600 in unrecorded interest which is included on the balance sheet of the School District as part of "Cash and Cash Equivalents".

Deposits At fiscal year end, the carrying amount of the School District's deposits was \$854,513 and the bank balance was \$983,416 Of the bank balance:

1. \$239,144 was covered by federal depository insurance; and
2. \$744,272 was uninsured and uncollateralized. Although all State 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.

Caldwell Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

Investments The School District's investments are required to be categorized below to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. The School District investments in STAROhio are unclassified investments since they are not evidenced by securities that exist in physical or book entry form. The fair value of the School District's investments in STAROhio at year end was \$2,327,833.

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$4,318,389	\$0
Unrecorded Cash	(1,600)	0
Deposits with Fiscal Agent	(1,134,443)	0
Investment which is part of the Cash Management Pool:		
Investment in STAR Ohio	(2,327,833)	2,327,833
GASB Statement 3	\$854,513	\$2,327,833

Note 7 - Property Taxes

Property taxes are levied and assessed on a calendar year basis while the School District 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 (used in business) property located in the School District. Property tax revenue received during calendar 2002 for real and public utility property taxes represents collections of calendar 2001 taxes. Property tax payments received during calendar 2002 for tangible personal property (other than public utility property) are for calendar 2002 taxes.

2002 real property taxes are levied after April 1, 2002, on the assessed value listed as of January 1, 2002, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value: public utility real property is assessed at thirty-five percent of true value. 2002 public utility property taxes became a lien December 31, 2001, are levied after April 1, 2002, and are collected in 2003 with real property taxes.

Caldwell Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

2002 tangible personal property taxes are levied after April 1, 2001, on the value as of December 31, 2001. Collections are made in 2002. Tangible personal property assessments are twenty-five percent of true value. The assessed values upon which the fiscal year 2002 taxes were collected are:

	2001 Second- Half Collections		2002 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$54,327,460	68.09%	\$54,856,070	69.72%
Public Utility Personal	13,010,630	16.31%	10,465,690	13.30%
Tangible Personal Property	12,444,720	15.60%	13,361,930	16.98%
Total	\$79,782,810	100.00%	\$78,683,690	100.00%
Tax rate per \$1,000 of assessed valuation	\$34.40		\$34.20	

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, 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 County Treasurer collects property taxes on behalf of all taxing districts in the county, including Caldwell Exempted Village School District. The County Auditor periodically remits to the School District its portion of taxes. Second-half real property tax payments collected by the County by June 30, 2002, are available to finance fiscal year 2002 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real, manufactured home taxes, the late settlement of personal property, personal property and public utility taxes which are measurable as of June 30, 2002 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the delayed settlement of personal property tax and the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. The amount available to the School District as an advance at June 30 is recognized as revenue.

At June 30, 2002, \$8,320 was available as an advance to the general fund, \$190 was available to the classroom facilities special revenue fund, and \$920 was available to the bond retirement debt service fund. The amount available as an advance at June 30, 2001, was \$164,220 in the general fund, \$3,290 in the classroom facilities special revenue fund, and \$16,656 in the bond retirement debt service fund.

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

Caldwell Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 8 - Receivables

Receivables at June 30, 2002, consisted of property taxes, accounts (rent, student fees and tuition), intergovernmental grants, and interest. 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 are expected to be collected within one year.

A summary of principal items of intergovernmental receivables follows:

	<u>Amounts</u>
Governmental Activities:	
E-Rate Reimbursement	\$2,292
Homestead and Rollback	4,453
Adult Vocational Education	308
Eisenhower Grant	637
Title VI-B	1,440
Title I	17,667
Title VI-R	27
Title VI Grant	3,909
Total	<u><u>\$30,733</u></u>

Note 9 - Interfund Balances

There is an interfund receivable/payable in the amount of \$1,920 reported on the balance sheet. This balance is the result of services provided by the General Fund to the Adult Vocational Education special revenue fund that had not been reimbursed as of June 30, 2002.

Caldwell Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 10 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2002, was as follows:

	Balance <u>June 30, 2001</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2002</u>
Nondepreciable Capital Assets				
Land	\$356,700	\$0	\$0	\$356,700
Depreciable Capital Assets				
Buildings and Improvements	9,330,786	7,510	0	9,338,296
Vehicles	1,011,031	56,360	0	1,067,391
Machinery, Equipment, Furniture and Fixtures	<u>1,130,140</u>	<u>60,073</u>	<u>(22,324)</u>	<u>1,167,889</u>
Total Capital Assets Being Depreciated	<u>11,471,957</u>	<u>123,943</u>	<u>(22,324)</u>	<u>11,573,576</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(2,990,370)	(216,655)	0	(3,207,025)
Vehicles	(626,367)	(113,388)	0	(739,755)
Machinery, Equipment, Furniture, and Fixtures	<u>(814,782)</u>	<u>(120,123)</u>	<u>21,872</u>	<u>(913,033)</u>
Total Accumulated Depreciation	<u>(4,431,519)</u>	<u>(450,166) *</u>	<u>21,872</u>	<u>(4,859,813)</u>
Total Capital Assets Being Depreciated, Net	<u>7,040,438</u>	<u>(326,223)</u>	<u>(452)</u>	<u>6,713,763</u>
Governmental Activities Capital Assets, Net	<u>\$7,397,138</u>	<u>(\$326,223)</u>	<u>(\$452)</u>	<u>\$7,070,463</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$167,906
Special	41,137
Vocational	3,257
Support Services:	
Pupils	9,162
Instructional Staff	23,511
Board of Education	2,372
Administration	23,064
Fiscal	5,461
Operation and Maintenance of Plant	31,465
Pupil Transportation	121,587
Non-Instructional Services	15,071
Extracurricular Activities	6,173
Total Governmental Depreciation	<u>\$450,166</u>

Caldwell Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 11 - Interfund Transfers

A transfer was made during fiscal year 2002 for \$15,000 to the Food Service Special Revenue Fund from the General Fund. This transfer was made to move unrestricted balances to support this non-instructional program accounted for in a separate fund.

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 2002, the School District purchased the following coverage:

<u>Nationwide Insurance Company</u>		
Fleet Insurance:		
Liability	\$2,000,000	any one accident
Auto Medical Payments	\$10,000	
Uninsured Motorists	\$2,000,000	
Comprehensive		actual cash value
Collision		actual cash value
Inland Marine	\$13,511	
 <u>Westfield Insurance Company</u>		
Building and personal property	\$17,091,893	Blanket with \$1,000 deductible
Football uniforms and equipment	\$25,000	\$250 deductible
Musical Instruments and related equipment	\$170,000	\$250 deductible
Employee Dishonesty	\$10,000	No deductible

During fiscal year 2002, 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)

Caldwell Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

The types and amounts of coverage provided by the Ohio School Plan are as follows:

General Liability:	
Each Occurrence	\$1,000,000
Aggregatge Limit	3,000,000
Products - Completed Operations Aggregate Limit	1,000,000
Personal and Advertising Injury Limit - Each Offense	1,000,000
Fire Damage Limit - Any One Event	500,000
Medical Expense Limit	10,000
Employees' Liability:	
Each Offense	1,000,000
Aggregate	3,000,000
Employers' Liability:	
Each Occurrence	1,000,000
Disease - Each Employee	1,000,000
Educational Legal Liability:	
Errors and Ommissions Injury Limit	1,000,000
Errors and Ommissions Aggregate Limit	2,000,000
Employment Practices Injury Limit	1,000,000
Employment Practices Injury Aggregate Limit	2,000,000

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

B. Worker's Compensation

For fiscal year 2002, the School District participated in the Ohio School Boards Association (OSBA) Workers' Compensation Group Rating Program (GRP), a group insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the Sate based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

Caldwell Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

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

Medical/surgical, dental, vision, and prescription drug insurances are offered through a self-insurance internal service fund. The School District pays all but \$6 for classified and \$9 for certified in premiums for basic medical insurance and all but \$1 for all employees for major medical coverage. 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 claims liability of \$225,951 reported in the internal service fund at June 30, 2002, 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. An internal pool stop-loss coverage policy covers individual claims from \$35,000 to \$50,000. An external insurer is retained for individual stop-loss coverage in excess of \$50,000. The aggregate annual amount for this external insurer was approximately \$61,000,000 for the year ended June 30, 2002.

Changes in the fund's claims liability amount in 2001 and 2002 were:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2001	\$99,564	\$563,265	\$572,082	\$90,747
2002	90,747	941,652	806,448	225,951

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 260 days per year earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who work less than 260 days per year do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 225 days for certified employees and up to 220 days for classified employees. Upon retirement, certificated employees receive payment for one-fourth of the total sick leave accumulation up to a maximum of 39 days plus one additional day for every three years spent in the School District. Classified employees, upon retirement, receive payment for one-fourth of the total sick leave accumulation up to 32 total paid days plus one and one-half days of severance pay for every three years of continuous employment leading up to retirement.

B. Insurance

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

Caldwell Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 14 - Defined Benefit Pension Plans

A. School Employees Retirement System

The School District contributes to the School Employees System of Ohio (SERS), a cost-sharing multiple employer defined pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 N. Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2002, 5.46 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2001, 4.2 percent was used to fund the pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$44,717, \$31,907 and \$39,584 respectively; 51 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. \$22,078 representing the unpaid contribution for fiscal year 2002, is reflected as an intergovernmental payable.

B. State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

For the fiscal year ended June 30, 2002, plan members are required to contribute 9.3 percent of their annual covered salaries. The School District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2001, the portion used to fund pension obligations was also 9.5 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$287,375, \$275,614 and \$166,194, respectively; 92 percent has been contributed for fiscal year 2002, and 100 percent for fiscal years 2001 and 2000. \$22,325 representing the unpaid contribution for fiscal year 2002, is reflected as an intergovernmental payable.

Caldwell Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

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 have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2002, there are no employees who have elected Social Security.

Note 15 - Postemployment Benefits

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System, (STRS), and to retired non-certificated employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care cost will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2002, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$136,125 for fiscal year 2002.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2001, (the latest information available) the balance in the Fund was \$3.256 billion. For the year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000 and STRS had 102,132 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2002, employer contributions to fund health care benefits were 8.54 percent of covered payroll, an increase of 1.26 percent from fiscal year 2001. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002, the minimum pay has been established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2002 fiscal year equaled \$85,904.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2001, (the latest information available), were \$161,439,934 and the target level was \$242.2 million. At June 30, 2001, SERS had net assets available for payment of health care benefits of \$315.7 million. SERS has approximately 50,000 participants receiving health care benefits.

Caldwell Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 16 - Long Term Obligations

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

	Outstanding 06/30/01	Additions	Reductions	Outstanding 06/30/02	Due in One Year
Governmental Activities:					
General Obligation Bonds:					
1987 7.875% School Improvement	\$910,000	\$0	(\$130,000)	\$780,000	\$130,000
Tax Refund	71,536	0	(50,059)	21,477	21,477
Compensated Absences	418,004	174,254	(162,578)	429,680	163,279
Total Governmental Activities					
Long-Term Liabilities	<u>\$1,399,540</u>	<u>\$174,254</u>	<u>(\$342,637)</u>	<u>\$1,231,157</u>	<u>\$314,756</u>

The 1987 School Improvement Bonds were originally issued in the amount of \$2,750,000 for the purpose of constructing a new elementary school, remodeling, renovating, furnishing, equipping, and otherwise improving existing school buildings and acquiring and improving school sites. These general obligation bonds will be paid from the debt service fund.

Compensated absences will be paid from the fund from which the employees' salaries are paid. These funds include General Fund and Food Service, Title VI-B, Disadvantaged Pupil Impact Aid, and Title I Special Revenue Funds.

The tax refund is a long-term obligation for a repayment of taxes to Texas Eastern Transmission Corporation, a public utility company, for tax years 1991 through 1996. The repayment of taxes will be deducted over ten settlements by the Noble County Auditor. During 2001, an additional tax refund liability was filed with the Ohio Board of Tax Appeals for repayment of taxes to B & N Coal Company for the tax year 1996. The repayment of taxes will be deducted over two settlements by the Noble County Auditor. These tax refunds are the obligation of the General Fund, Bond Retirement Debt Service Fund, and Classroom Facilities Maintenance Special Revenue Fund in the amounts of \$18,009, \$3,112, and \$356, respectively.

Principal and interest requirements to retire general obligation bonds and the tax refunds outstanding at June 30, 2002, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2003	\$151,477	\$56,306	\$207,783
2004	130,000	46,069	176,069
2005	130,000	35,831	165,831
2006	130,000	25,594	155,594
2007	130,000	15,356	145,356
2008	130,000	5,119	135,119
Total	<u>\$801,477</u>	<u>\$184,275</u>	<u>\$985,752</u>

Caldwell Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

The overall debt margin of the School District as of June 30, 2002, was \$7,389,289, with an unvoted debt margin of \$78,684.

Note 17 - Jointly Governed Organizations and Public Entity Risk Pools

A. Jointly Governed Organizations

The **Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA)** was created as a regional council of governments pursuant to State statutes. OME-RESA has 11 participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Noble, and Tuscarawas Counties. OME-RESA provides financial accounting services, educational management information, and cooperative purchasing services to member districts. OME-RESA is governed by a governing board which is selected by the member districts. OME-RESA possesses its own budgeting authority. The School District's payments for computer services to OME-RESA in fiscal year 2002 was \$21,876. To obtain financial information write to the Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

The **Mid-East Ohio Joint Vocational School District** 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 13 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 Ohio Vocational School District, Rick White, Treasurer, at 1965 Chandlersville Road, Zanesville, Ohio 45701.

B. Public Entity Risk Pools

Group Insurance Purchasing Pools The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), a group insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program. The School District's enrollment fee for fiscal year 2002 was \$321.

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 fifteen 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.

Caldwell Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

Claims Servicing Pool The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Self-Insurance Plan, a claims servicing pool comprised of fifty members. Each participant is a member of the assembly. The Plan's business and affairs are conducted by a nine member Board of Director's elected from the OME-RESA's assembly. Each member pays a monthly premium based on their claims history and a monthly administration fee. All participating members retain their risk and the Plan acts as the claims servicing agent.

Note 18 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement 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, 2002.

B. Litigation

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

The School District established an escrow account in name of J.A. Raeder, Inc., during the construction projects performed by this company. At June 30, 2002, the balance in the account was \$12,906 and is reported on the statement of fiduciary assets and liabilities as "cash and cash equivalents with escrow agents". The School District has not released the money because it contends that it is entitled to these funds due to this issue currently being in litigation. The balance in the escrow account can only be released by the School District Treasurer.

Note 19 - Set-Asides

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

Senate Bill 345, effective April 10, 2001, eliminated future set-aside requirements for the budget stabilization, reduced requirements related to the current set-aside, and placed restrictions on current budget stabilization money relating to the worker's compensation refunds.

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
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2002

	Capital		Budget
	Textbooks	Improvements	Stabilization
Set-aside reserve balance as of June 30, 2001	\$2,315	\$0	\$28,284
Current year set-aside requirement	119,942	119,942	0
Current year offsets	0	(43,485)	0
Qualifying disbursements	(131,415)	(103,936)	0
Total	(\$9,158)	(\$27,479)	\$28,284
Set-aside balance carried forward to future fiscal years	(\$9,158)	\$0	\$28,284
Set-aside reserve balance as of June 30, 2002	\$0	\$0	\$28,284

The School District had qualifying disbursements during the fiscal year that reduced the set-aside amount below zero for textbooks and capital improvements. This extra amount may be used to reduce the set-aside requirement of future years for textbooks but not for capital improvements. The negative balance in the capital improvements set-aside is therefore not presented as being carried forward to future years. The budget reserve set-aside amount represents a Bureau of Workers' Compensation rebate from 1998.

Note 20 - State School Funding Decision

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- A change in the school districts that are used as a basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based upon anticipated compliance with its order.

The State of Ohio, in a motion filed September 17, 2001, asked the Supreme Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001. In November 2001, the Court granted the request for reconsideration, but also ordered the parties to participate in a settlement conference with a court appointed mediator. On March 21, 2002, the mediator issued his final report indicating that the conference was unable to produce a settlement. The case is now under reconsideration by the Court.

The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

SUPPLEMENTAL DATA

**CALDWELL EXEMPTED VILLAGE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(E) CASH FEDERAL RECEIPTS	OTHER FEDERAL RECEIPTS	(E) CASH FEDERAL DISBURSEMENTS	OTHER FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:						
Nutrition Cluster:						
(A),(C) Food Distribution	10.550	N/A		\$ 28,743		\$ 28,333
(A),(D) School Breakfast Program	10.553	045252-05-PU-2001	\$ 2,458		\$ 2,458	
(A),(D) School Breakfast Program	10.553	045252-05-PU-2002	15,990		15,990	
(A),(D) National School Lunch	10.555	045252-LL-P4-2001	11,811		11,811	
(A),(D) National School Lunch	10.555	045252-LL-P4-2002	77,938		77,938	
Total U.S. Department of Agriculture and Nutrition Cluster			<u>108,197</u>	<u>28,743</u>	<u>108,197</u>	<u>28,333</u>
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:						
Title I	84.010	045252-C1-S1-2001-C	8,739		8,739	
Title I	84.010	045252-C1-S1-2001	30,215		38,599	
Title I	84.010	045252-C1-S1-2002	187,762		143,779	
Total Title I			<u>226,716</u>		<u>191,117</u>	
Special Education Cluster:						
(B) Title VI-B	84.027	045252-6B-SF-2000-P	-		17,783	
(B) Title VI-B	84.027	045252-6B-SF-2002-P	106,934		93,389	
Total VI-B			<u>106,934</u>		<u>111,172</u>	
(B) Special Education Preschool Handicapped	84.173	045252-PG-S1-2000-P	-		1,850	
(B) Special Education Preschool Handicapped	84.173	045252-PG-S1-2002-P	10,614		8,628	
Total Special Education Preschool Handicapped			<u>10,614</u>		<u>10,478</u>	
Total Special Education Cluster			<u>117,548</u>		<u>121,650</u>	
Safe and Drug-Free Schools	84.186	045252-DR-S1-2001	-		661	
Safe and Drug-Free Schools	84.186	045252-DR-S1-2002	4,178		1,870	
Total Safe and Drug-Free Schools			<u>4,178</u>		<u>2,531</u>	
Eisenhower Professional Development	84.281	045252-MS-S1-2001	525		535	
Eisenhower Professional Development	84.281	045252-MS-S1-2002	5,732		4,190	
Total Eisenhower Professional Development			<u>6,257</u>		<u>4,725</u>	
Title VI	84.298	045252-C2-S1-2000	3,745		5,386	
Title VI	84.298	045252-C2-S1-2001	4,505		5,494	
Title VI	84.298	045252-C2-S1-2002	1,597		-	
Total Title VI			<u>9,847</u>		<u>10,880</u>	
Title VI-R	84.340	045252-G2-S2-2001	-		4,421	
Title VI-R	84.340	045252-CR-S1-2002	35,464		26,299	
Total Title VI-R			<u>35,464</u>		<u>30,720</u>	
Total U.S. Department of Education			<u>400,010</u>		<u>361,623</u>	
Total Federal Financial Assistance			<u>\$ 508,207</u>	<u>\$ 28,743</u>	<u>\$ 469,820</u>	<u>\$ 28,333</u>

- (A) Included as part of "Nutrition Grant Cluster" in determining major programs.
 (B) Included as part of "Special Education Grant Cluster" in determining major programs.
 (C) The Food Distribution Program is a non-cash, in kind, federal grant. Commodities are valued at fair market prices.
 (D) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
 (E) This schedule was prepared on the cash basis of accounting.

TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

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Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Basic Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Education
Caldwell Exempted Village School District
516 Fairground Street
Caldwell, Ohio 43724

We have audited the basic financial statements of Caldwell Exempted Village School District as of and for the fiscal year ended June 30, 2002, and have issued our report thereon dated November 22, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Caldwell Exempted Village School District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of basic 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Board of Education
Caldwell Exempted Village School District

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Caldwell Exempted Village School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of management, the Board of Caldwell Exempted Village School District, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Trimble, Julian & Grube, Inc.
November 22, 2002

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Report on Compliance With Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance With *OMB Circular A-133*

Board of Education
Caldwell Exempted Village School District
516 Fairground Street
Caldwell, Ohio 43724

Compliance

We have audited the compliance of Caldwell Exempted Village 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 are applicable to its major federal programs for the fiscal year ended June 30, 2002. Caldwell Exempted Village School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of Caldwell Exempted Village School District's management. Our responsibility is to express an opinion on Caldwell Exempted Village School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Caldwell Exempted Village School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Caldwell Exempted Village School District's compliance with those requirements.

Board of Education
Caldwell Exempted Village School District

In our opinion, Caldwell Exempted Village School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the fiscal year ended June 30, 2002.

Internal Control Over Compliance

The management of Caldwell Exempted Village School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Caldwell Exempted Village School District's internal control over compliance with requirements that could have a direct and material effect on its major federal programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to its major federal programs being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the management, the Board of Caldwell Exempted Village School District, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Trimble, Julian & Grube, Inc.
November 22, 2002

**CALDWELL EXEMPTED VILLAGE SCHOOL DISTRICT
NOBLE COUNTY
JUNE 30, 2002**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported non-compliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any other reportable internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under § .510?</i>	No

**CALDWELL EXEMPTED VILLAGE SCHOOL DISTRICT
NOBLE COUNTY
JUNE 30, 2002**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505**

1. SUMMARY OF AUDITOR'S RESULTS (Continued)

<i>(d)(1)(vii)</i>	<i>Major Programs:</i>	Special Education Cluster: Title VI-B - CFDA #84.027 and Special Education Preschool Handicapped - CFDA #84.173; Title VI-R-CFDA #84.340
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



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CALDWELL EXEMPTED VILLAGE SCHOOL DISTRICT

NOBLE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 30, 2003**