



Mary Taylor, CPA  
Auditor of State



**CALDWELL EXEMPTED VILLAGE SCHOOL DISTRICT  
NOBLE COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Caldwell Exempted Village School District, Noble County, Ohio (the School District), as of and for the year ended June 30, 2008, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Caldwell Exempted Village School District, Noble County, Ohio, as of June 30, 2008, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General and Food Service Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2009, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the School District's basic financial statements. The Schedule of Federal Awards Receipts and Expenditures is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the Schedule of Federal Awards Receipts and Expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

March 11, 2009

Caldwell Exempted Village School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008  
Unaudited

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Management's Discussion and Analysis (MD&A) provides the reader with a narrative overview and analysis of the Caldwell Exempted Village School District's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. The MD&A should be read in conjunction with the School District's basic financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

### **Financial Highlights**

Key financial highlights for fiscal year 2008 are as follows:

- The assets of the School District exceeded its liabilities at the close of the fiscal year ended June 30, 2008 by \$7,258,373 (net assets).
- Net assets of governmental activities decreased \$62,202 from fiscal year 2007.
- General revenues accounted for \$6,348,714 in revenue or 80 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants, contributions, and interest accounted for \$1,618,805 or 20 percent of total revenues of \$7,967,519.
- Total assets of governmental activities minimally decreased by \$48,930.
- The School District had \$8,029,721 in expenses related to governmental activities; only \$1,618,805 of these expenses were offset by program specific charges for services and sales, grants, contributions, or interest. General revenues (primarily intergovernmental revenues and property taxes) of \$6,348,714 were not adequate enough to provide for these programs.
- The General Fund had \$6,817,239 in revenues and \$7,054,718 in expenditures. The General Fund's fund balance decreased to \$121,154 from \$399,981. The Food Service Special Revenue Fund had \$341,404 in revenues and \$388,038 in expenditures contributing to the decrease in fund balance of \$3,634.
- At the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$813,092. Of this amount, \$191,315 is available for appropriation in future periods (unreserved, undesignated fund balance).

### **Using this Annual Financial Report**

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

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's General Fund and Food Service Special Revenue Fund with all other nonmajor funds presented in total in one column. In the case of 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, 2008  
Unaudited

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## **Government-Wide Financial Statements**

### *Statement of Net Assets and the Statement of Activities*

While these documents contain information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during the 2007-2008 fiscal year?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all *assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

### **Reporting the School District's Most Significant Funds**

#### *Fund Financial Statements*

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The analysis of the School District's major funds begins on page 8. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major and discretionary major governmental funds are the General Fund and the Food Service Special Revenue Fund.

**Governmental Funds** Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

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

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



Caldwell Exempted Village School District  
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**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 2008 compared to fiscal year 2007:

Table 1  
Net Assets

	Governmental Activities		
	2008	2007	Change
<b>Assets</b>			
Current and Other Assets	\$5,430,079	\$5,209,847	\$220,232
Capital Assets	5,537,160	5,806,322	(269,162)
<b>Total Assets</b>	<b>10,967,239</b>	<b>11,016,169</b>	<b>(48,930)</b>
<b>Liabilities</b>			
Long-Term Liabilities	356,562	577,082	(220,520)
Other Liabilities	3,352,304	3,118,512	233,792
<b>Total Liabilities</b>	<b>3,708,866</b>	<b>3,695,594</b>	<b>13,272</b>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	5,537,160	5,676,322	(139,162)
Restricted	553,145	646,724	(93,579)
Unrestricted	1,168,068	997,529	170,539
<b>Total Net Assets</b>	<b>\$7,258,373</b>	<b>\$7,320,575</b>	<b>(\$62,202)</b>

Total net assets minimally decreased \$62,202 or less than one percent from the prior year. As can be seen from the above table, the minimal decrease of \$48,930 in total assets resulted from larger offsetting changes in different asset classes. Property taxes receivable increased \$192,862 as certified by the county auditor and capital assets decreased \$269,162 due to depreciation exceeding capital outlay in the current year. Long-term liabilities decreased \$220,520. The largest factor is the retirement of bonded debt during the year of \$130,000. The changes in capital assets and bonded debt results in the change in invested in capital assets, net of related debt. The increase in unrestricted net assets is a direct result of Health Self-Insurance Internal Service Fund's net assets increasing \$437,884 from fiscal year 2007.

Net assets, when reviewed over time, may serve as a useful indicator of the School District's position. By far, the largest portion of the School District's net assets (76.3 percent) reflects its investment in capital assets. The School District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. An additional portion of the School District's net assets, \$553,145 or 7.6 percent, represents resources that are subject to restrictions on how they can be used. The remaining balance of unrestricted net assets (16.1 percent) is to be used to meet the School District's ongoing obligations to students and creditors. In total, net assets decreased \$62,202. This decrease is created by the changes in assets and liabilities as explained above.

Caldwell Exempted Village School District  
Management's Discussion and Analysis  
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Table 2 shows the changes in net assets for fiscal year 2008, and comparisons to fiscal year 2007:

Table 2

	Governmental Activities		
	2008	2007	Change
<b>Revenues</b>			
Program Revenues			
Charges for Services and Sales	\$598,401	\$583,799	\$14,602
Operating Grants, Contributions, and Interest	982,328	1,031,453	(49,125)
Capital Grants, Contributions, and Interest	38,076	38,152	(76)
Total Program Revenues	<u>1,618,805</u>	<u>1,653,404</u>	<u>(34,599)</u>
General Revenues			
Property Taxes	1,938,295	2,103,713	(165,418)
Grants and Entitlements	4,187,480	4,169,836	17,644
Other	222,939	222,835	104
Total General Revenues	<u>6,348,714</u>	<u>6,496,384</u>	<u>(147,670)</u>
Total Revenues	<u>7,967,519</u>	<u>8,149,788</u>	<u>(182,269)</u>
<b>Program Expenses</b>			
Instruction			
Regular	3,460,339	3,632,118	(171,779)
Special	826,691	914,823	(88,132)
Vocational	76,925	79,805	(2,880)
Adult/Continuing	5,094	5,007	87
Intervention	34,607	20,739	13,868
Support Services			
Pupils	464,944	445,902	19,042
Instructional Staff	337,338	337,099	239
Board of Education	68,873	66,245	2,628
Administration	595,189	656,075	(60,886)
Fiscal	281,249	256,748	24,501
Operation and Maintenance of Plant	512,323	516,241	(3,918)
Pupil Transportation	681,436	681,405	31
Operation of Non-Instructional Services	420,985	436,809	(15,824)
Extracurricular Activities	258,982	256,110	2,872
Interest	4,746	14,542	(9,796)
Total Expenses	<u>8,029,721</u>	<u>8,319,668</u>	<u>(289,947)</u>
Change in Net Assets	(62,202)	(169,880)	107,678
Net Assets Beginning of Year	<u>7,320,575</u>	<u>7,490,455</u>	<u>(169,880)</u>
Net Assets End of Year	<u>\$7,258,373</u>	<u>\$7,320,575</u>	<u>(\$62,202)</u>

Caldwell Exempted Village School District  
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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 tax on the tangible personal property of general businesses, telephone and telecommunications companies, and railroads is being phased out beginning in tax year 2006 under the provisions of House Bill 66. The tax on general businesses and railroad property will be eliminated by 2009, and the tax on telephone and telecommunications property will be eliminated by 2011. The tax is phased out by reducing the assessment rate on the property each year. At the same time, the bill replaces the revenue lost due to phasing out the tax. In the first five years, school districts are reimbursed fully for the lost revenue; in the following seven years, the reimbursements are phased out. The reimbursement is based on using tax year 2004 as the base year for the calculation of reimbursements. Due to the reimbursement being based upon tax year 2004, and due to the eventual phase out of the reimbursements, the School District will experience a loss in overall revenues. The last successful operating levy renewal was passed in the March, 2004 election. The School District placed a twelve mill operating levy on the ballot that was passed by the voters in November, 2008.

The largest fluctuation in revenues is a decrease of \$165,418 in property taxes which made up 24 percent of governmental activities revenues for Caldwell Exempted Village Schools in fiscal year 2008. This decrease is due to the retirement of general obligation bonds that were repaid with levy proceeds which are no longer being collected. Unrestricted grants and entitlements, which increased by \$17,644, made up 52.5 percent of governmental activities revenues during fiscal year 2008.

The School District's direct charges to users of governmental activities made up \$598,401 or 7.5 percent of total governmental revenues. These charges are for fees for open enrollment, rent, food service sales, and school supply sales. Operating grants, contributions, and interest were the largest program revenues, accounting for \$982,328 or 12 percent of total revenues. The major recipients of this revenue was the food service program as a result of federal and state receipts and commodities received to help support the School District's cafeteria operations and grant funds received to support special instruction programs.

As can be seen from Table 2, the change in net assets is minimal, a decrease of \$62,202. This is the result of the School District not being able to match expenses with current revenue streams. Expenses have decreased \$289,947 from fiscal year 2007. This decrease in expenses is related to a reduction in force of three and one-half positions that resulted in a decrease of approximately \$220,000. The largest Governmental Activities program expense is regular instruction, which comprises 43 percent of expenses. Interest expense during fiscal year 2008 was \$4,746 and was attributable to the bonds that were issued for school improvements.

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

Caldwell Exempted Village School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008  
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Table 3  
Governmental Activities

	Total Cost of Services 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
Instruction:				
Regular	\$3,460,339	\$3,137,194	\$3,632,118	\$3,230,942
Special	826,691	360,542	914,823	433,411
Vocational	76,925	25,664	79,805	63,195
Adult/Continuing	5,094	5,094	5,007	5,007
Intervention	34,607	34,607	20,739	20,739
Support Services:				
Pupils	464,944	464,408	445,902	445,502
Instructional Staff	337,338	159,031	337,099	189,616
Board of Education	68,873	68,873	66,245	66,245
Administration	595,189	539,829	656,075	605,647
Fiscal	281,249	281,249	256,748	256,748
Operation and Maintenance of Plant	512,323	503,191	516,241	508,612
Pupil Transportation	681,436	645,976	681,405	629,033
Operation of Non-Instructional Services	420,985	48,199	436,809	52,530
Extracurricular Activities	258,982	132,313	256,110	144,495
Interest	4,746	4,746	14,542	14,542
Total Expenses	<u>\$8,029,721</u>	<u>\$6,410,916</u>	<u>\$8,319,668</u>	<u>\$6,666,264</u>

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

**The School District's Funds**

The School District's governmental funds are accounted for using the modified accrual basis of accounting. In other words, the focus on the School District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. All governmental funds had total revenues of \$7,892,947 and expenditures of \$8,285,554. The net change in fund balance for the year was most significant in the General Fund, a decrease of \$278,827. The reason is that the General Fund's fixed revenue streams could not keep pace with rising expenditures. The School District's General Fund does not have the ability to generate revenue, but has to rely on fixed revenue such as property taxes and intergovernmental revenues and as a result, the cash balance of the General Fund decreased \$332,802 from the prior year. As of June 30, 2008, the School District's governmental funds reported a combined ending fund balance of \$813,092, a decrease of \$390,955 in comparison with the prior fiscal year. \$191,315, or 24 percent of total fund balance, constitutes unreserved, undesignated fund balance, which is available for spending. The remainder of the fund balance is reserved or designated to indicate that it is not available for future appropriation because it has already been committed to liquidate contracts and purchase orders of the prior year (\$297,984), has been reserved for claimants (\$756), or has been reserved or designated for a variety of other restricted purposes (\$323,037).

Caldwell Exempted Village School District  
Management's Discussion and Analysis  
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It is helpful to remember that even though there is a portion of governmental fund balances that are unreserved, they lead to restricted net assets on the Statement of Net Assets due to restrictions for use for a particular purpose mandated by the source of funding, such as tax levy language or underlying grant agreements.

***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. The largest change from the original to the final budgeted revenues is in property taxes which was increased during the year by \$289,489 as more precise estimates were obtained from the county auditor. Budgeted amounts were changed during the year for expenditures, however these were minimal.

For the General Fund, even though the budget basis revenues were \$5,461 above final budget estimates of \$6,716,749, the inadequate revenue for General Fund operations is apparent from the net change in fund balance – a decrease of \$719,968.

The School District's General Fund ending unobligated cash balance was \$320,009 above the final budgeted amount.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2008, the School District had \$5,537,160 invested in land, buildings and improvements, vehicles, and machinery, equipment, furniture and fixtures in governmental activities. See Note 9 for more detailed information of the School District's capital assets.

***Debt***

During 2008 the School District retired \$130,000 in bonds outstanding from the prior year. See Note 15 for more detailed information on the School District's debt.

**Contacting the School District's Financial Management**

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

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Caldwell Exempted Village School District  
Statement of Net Assets  
June 30, 2008

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$1,585,401
Cash and Cash Equivalents with Fiscal Agents	1,468,849
Inventory Held for Resale	5,104
Materials and Supplies Inventory	1,169
Prepaid Items	16,908
Accounts Receivable	380
Intergovernmental Receivable	158,759
Accrued Interest Receivable	5,979
Property Taxes Receivable	2,187,530
Nondepreciable Capital Assets	381,096
Depreciable Capital Assets, Net	<u>5,156,064</u>
Total Assets	<u><u>10,967,239</u></u>
 <b>Liabilities</b>	
Accounts Payable	56,536
Accrued Wages and Benefits Payable	758,374
Intergovernmental Payable	292,238
Claims Payable	394,230
Deferred Revenue	1,850,926
Long-Term Liabilities:	
Due Within One Year	62,809
Due In More Than One Year	<u>293,753</u>
Total Liabilities	<u><u>3,708,866</u></u>
 <b>Net Assets</b>	
Invested in Capital Assets	5,537,160
Restricted for:	
Capital Projects	17,542
Debt Service	55,534
Bus Purchase	29,473
Budget Stabilization	28,284
Textbooks and Instructional Materials	32,410
Other Purposes	389,902
Unrestricted	<u>1,168,068</u>
Total Net Assets	<u><u>\$7,258,373</u></u>

See accompanying notes to the basic financial statements

Caldwell Exempted Village School District  
Statement of Activities  
For the Fiscal Year Ended June 30, 2008

	Expenses	Program Revenues			Net Expense and Change in Net Assets
		Charges for Services and Sales	Operating Grants, Contributions, and Interest	Capital Grants, Contributions, and Interest	Governmental Activities
<b>Governmental Activities</b>					
Instruction:					
Regular	\$3,460,339	\$304,263	\$18,882	\$0	(\$3,137,194)
Special	826,691	0	466,149	0	(360,542)
Vocational	76,925	0	27,966	23,295	(25,664)
Adult/Continuing	5,094	0	0	0	(5,094)
Intervention	34,607	0	0	0	(34,607)
Support Services:					
Pupils	464,944	0	536	0	(464,408)
Instructional Staff	337,338	0	178,307	0	(159,031)
Board of Education	68,873	0	0	0	(68,873)
Administration	595,189	0	55,360	0	(539,829)
Fiscal	281,249	0	0	0	(281,249)
Operation and Maintenance of Plant	512,323	120	8,332	680	(503,191)
Pupil Transportation	681,436	0	21,359	14,101	(645,976)
Operation of Non-Instructional Services:					
Food Service Operations	376,382	137,696	203,487	0	(35,199)
External Participation in Internal Service Fund	44,603	31,603	0	0	(13,000)
Extracurricular Activities	258,982	124,719	1,950	0	(132,313)
Interest	4,746	0	0	0	(4,746)
<b>Total Governmental Activities</b>	<u>\$8,029,721</u>	<u>\$598,401</u>	<u>\$982,328</u>	<u>\$38,076</u>	<u>(6,410,916)</u>

**General Revenues**

Property Taxes Levied for:

General Purposes	1,927,571
Classroom Facilities Maintenance	10,724
Grants and Entitlements not Restricted to Specific Programs	4,187,480
Investment Earnings	156,297
Gain on Sale of Capital Assets	1,652
Miscellaneous	64,990
<b>Total General Revenues</b>	<u>6,348,714</u>

Change in Net Assets (62,202)

Net Assets Beginning of Year 7,320,575

Net Assets End of Year \$7,258,373

See accompanying notes to the basic financial statements



Caldwell Exempted Village School District  
Balance Sheet  
Governmental Funds  
June 30, 2008

	General	Food Service	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$718,650	\$28,658	\$752,335	\$1,499,643
Materials and Supplies Inventory	0	1,169	0	1,169
Inventory Held for Resale	0	5,104	0	5,104
Accrued Interest Receivable	5,979	0	0	5,979
Accounts Receivable	48	219	113	380
Intergovernmental Receivable	62,250	0	96,509	158,759
Prepaid Items	16,440	468	0	16,908
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	85,758	0	0	85,758
Property Taxes Receivable	2,187,530	0	0	2,187,530
<b>Total Assets</b>	<u>\$3,076,655</u>	<u>\$35,618</u>	<u>\$848,957</u>	<u>\$3,961,230</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$48,856	\$52	\$7,628	\$56,536
Accrued Wages and Benefits Payable	667,849	28,196	62,329	758,374
Intergovernmental Payable	267,435	10,421	14,382	292,238
Deferred Revenue	1,971,361	0	69,629	2,040,990
<b>Total Liabilities</b>	<u>2,955,501</u>	<u>38,669</u>	<u>153,968</u>	<u>3,148,138</u>
<b>Fund Balances</b>				
Reserved for Encumbrances	264,311	3,410	30,263	297,984
Reserved for Unclaimed Monies	756	0	0	756
Reserved for Budget Stabilization	28,284	0	0	28,284
Reserved for Textbooks and Instructional Materials	32,410	0	0	32,410
Reserved for Bus Purchase	29,473	0	0	29,473
Reserved for Property Taxes	192,870	0	0	192,870
Unreserved:				
Designated for Budget Stabilization	40,000	0	0	40,000
Undesignated, Reported in:				
General Fund (Deficit)	(466,950)	0	0	(466,950)
Special Revenue Funds (Deficit)	0	(6,461)	312,104	305,643
Debt Service Fund	0	0	55,534	55,534
Capital Projects Funds	0	0	297,088	297,088
<b>Total Fund Balances (Deficit)</b>	<u>121,154</u>	<u>(3,051)</u>	<u>694,989</u>	<u>813,092</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$3,076,655</u>	<u>\$35,618</u>	<u>\$848,957</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 5,537,160

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

Property Taxes	84,225	
Interest	3,590	
Grants	102,249	
<b>Total</b>		<u>190,064</u>

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets. 1,074,619

Compensated absences are not due and payable in the current period and therefore are not reported in the funds. (356,562)

**Net Assets of Governmental Activities** \$7,258,373

See accompanying notes to the basic financial statements

Caldwell Exempted Village School District  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2008

	General	Food Service	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property Taxes	\$2,008,656	\$0	\$14,014	\$2,022,670
Intergovernmental	4,395,594	203,486	561,065	5,160,145
Investment Earnings	101,446	1	680	102,127
Tuition and Fees	304,217	0	0	304,217
Extracurricular Activities	0	0	124,719	124,719
Rentals	120	0	0	120
Charges for Services	46	137,696	0	137,742
Contributions and Donations	2,030	0	2,250	4,280
Miscellaneous	5,130	221	31,576	36,927
Total Revenues	<u>6,817,239</u>	<u>341,404</u>	<u>734,304</u>	<u>7,892,947</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	3,526,610	0	80,351	3,606,961
Special	591,468	0	265,283	856,751
Vocational	67,282	0	0	67,282
Adult/Continuing	5,094	0	0	5,094
Intervention	23,601	0	11,006	34,607
Support Services:				
Pupils	429,827	0	39,967	469,794
Instructional Staff	218,324	0	127,004	345,328
Board of Education	66,626	0	0	66,626
Administration	552,915	0	50,664	603,579
Fiscal	281,385	0	995	282,380
Operation and Maintenance of Plant	501,880	0	2,291	504,171
Pupil Transportation	656,431	0	9,457	665,888
Operation of Non-Instructional Services:				
Food Service Operations	0	388,038	0	388,038
Extracurricular Activities	133,275	0	120,221	253,496
Debt Service:				
Principal Retirement	0	0	130,000	130,000
Interest and Fiscal Charges	0	0	5,559	5,559
Total Expenditures	<u>7,054,718</u>	<u>388,038</u>	<u>842,798</u>	<u>8,285,554</u>
Excess of Revenues Under Expenditures	<u>(237,479)</u>	<u>(46,634)</u>	<u>(108,494)</u>	<u>(392,607)</u>
<b>Other Financing Sources (Use)</b>				
Proceeds from Sale of Capital Assets	1,652	0	0	1,652
Transfers In	0	43,000	0	43,000
Transfers Out	(43,000)	0	0	(43,000)
Total Other Financing Sources (Use)	<u>(41,348)</u>	<u>43,000</u>	<u>0</u>	<u>1,652</u>
Net Change in Fund Balances	(278,827)	(3,634)	(108,494)	(390,955)
Fund Balances Beginning of Year	<u>399,981</u>	<u>583</u>	<u>803,483</u>	<u>1,204,047</u>
Fund Balances (Deficit) End of Year	<u>\$121,154</u>	<u>(\$3,051)</u>	<u>\$694,989</u>	<u>\$813,092</u>

See accompanying notes to the basic financial statements

Caldwell Exempted Village School District  
 Reconciliation of the Changes in Fund Balances of Governmental Funds to Statement of Activities  
 For the Fiscal Year Ended June 30, 2008

Net Change in Fund Balances - Total Governmental Funds (\$390,955)

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

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

Capital Outlay	17,513	
Donated Capital Assets	23,295	
Current Year Depreciation	<u>(309,970)</u>	(269,162)

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

Grants	19,483	
Interest	3,590	
Delinquent Property Taxes	<u>(84,375)</u>	(61,302)

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. 813

Expenses resulting from compensated absences in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 90,520

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. The net change of the internal service fund is reported with governmental activities. 437,884

Change in Net Assets of Governmental Activities (\$62,202)

See accompanying notes to the basic financial statements

Caldwell Exempted Village School District  
Statement of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$1,608,577	\$1,898,066	\$1,925,071	\$27,005
Intergovernmental	4,429,398	4,408,283	4,386,852	(21,431)
Investment Earnings	100,700	100,700	100,010	(690)
Tuition and Fees	300,200	300,200	304,192	3,992
Rentals	900	900	120	(780)
Charges for Services	0	0	46	46
Contributions and Donations	0	0	2,030	2,030
Miscellaneous	8,600	8,600	3,889	(4,711)
<b>Total Revenues</b>	<b>6,448,375</b>	<b>6,716,749</b>	<b>6,722,210</b>	<b>5,461</b>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	3,194,380	3,194,380	3,260,115	(65,735)
Special	643,821	643,821	598,922	44,899
Vocational	110,849	110,849	70,128	40,721
Adult/Continuing	5,100	5,100	5,094	6
Other	363,515	363,515	439,863	(76,348)
Support Services:				
Pupils	428,083	428,083	431,678	(3,595)
Instructional Staff	234,376	243,476	256,199	(12,723)
Board of Education	121,928	121,928	93,430	28,498
Administration	629,307	629,307	596,010	33,297
Fiscal	284,837	284,837	295,957	(11,120)
Operation and Maintenance of Plant	524,261	524,261	529,896	(5,635)
Pupil Transportation	719,047	719,047	696,539	22,508
Extracurricular Activities	145,437	145,437	129,603	15,834
<b>Total Expenditures</b>	<b>7,404,941</b>	<b>7,414,041</b>	<b>7,403,434</b>	<b>10,607</b>
Excess of Revenues Over (Under) Expenditures	<u>(956,566)</u>	<u>(697,292)</u>	<u>(681,224)</u>	<u>16,068</u>
<b>Other Financing Sources (Uses)</b>				
Refund of Prior Year Expenditures	4,000	4,000	2,936	(1,064)
Proceeds from Sale of Capital Assets	0	0	1,652	1,652
Refund of Prior Year Receipts	0	0	(332)	(332)
Other Financing Uses	(54,000)	(313,685)	0	313,685
Transfers Out	(33,000)	(33,000)	(43,000)	(10,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(83,000)</b>	<b>(342,685)</b>	<b>(38,744)</b>	<b>303,941</b>
Net Change in Fund Balance	(1,039,566)	(1,039,977)	(719,968)	320,009
Fund Balance Beginning of Year	801,555	801,555	801,555	0
Prior Year Encumbrances Appropriated	330,706	330,706	330,706	0
<b>Fund Balance End of Year</b>	<b>\$92,695</b>	<b>\$92,284</b>	<b>\$412,293</b>	<b>\$320,009</b>

See accompanying notes to the basic financial statements

Caldwell Exempted Village School District  
Statement of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
Food Service Fund  
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$169,000	\$169,000	\$187,344	\$18,344
Investment Earnings	100	100	1	(99)
Charges for Services	151,650	151,650	137,696	(13,954)
Miscellaneous	0	0	87	87
	<u>320,750</u>	<u>320,750</u>	<u>325,128</u>	<u>4,378</u>
<b>Expenditures</b>				
Current:				
Operation of Non-Instructional Services:				
Food Service Operations	355,935	370,935	348,221	22,714
Excess of Revenues Under Expenditures	<u>(35,185)</u>	<u>(50,185)</u>	<u>(23,093)</u>	<u>27,092</u>
<b>Other Financing Source</b>				
Transfers In	30,000	45,000	43,000	(2,000)
Net Change in Fund Balance	(5,185)	(5,185)	19,907	25,092
Fund Balance Beginning of Year	1,967	1,967	1,967	0
Prior Year Encumbrances Appropriated	3,255	3,255	3,255	0
Fund Balance End of Year	<u>\$37</u>	<u>\$37</u>	<u>\$25,129</u>	<u>\$25,092</u>

See accompanying notes to the basic financial statements

Caldwell Exempted Village School District  
Statement of Fund Net Assets  
Health Self-Insurance Internal Service Fund  
June 30, 2008

**Current Assets**

Cash and Cash Equivalents with Fiscal Agents	\$1,468,849
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**Current Liabilities**

Claims Payable	<u>394,230</u>
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**Net Assets**

Unrestricted	<u><u>\$1,074,619</u></u>
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See accompanying notes to the basic financial statements

Caldwell Exempted Village School District  
Statement of Revenues, Expenses  
and Changes in Fund Net Assets  
Health Self-Insurance Internal Service Fund  
For the Fiscal Year Ended June 30, 2008

<b>Operating Revenues</b>	
Charges for Services	\$1,729,549
Miscellaneous	<u>28,063</u>
 Total Operating Revenues	 <u>1,757,612</u>
<b>Operating Expenses</b>	
Purchased Services	315,094
Claims	<u>1,055,895</u>
 Total Operating Expenses	 <u>1,370,989</u>
 Operating Income	 386,623
<b>Non-Operating Revenue</b>	
Interest	<u>51,261</u>
 Change in Net Assets	 437,884
 Net Assets Beginning of Year	 <u>636,735</u>
 Net Assets End of Year	 <u><u>\$1,074,619</u></u>

See accompanying notes to the basic financial statements

Caldwell Exempted Village School District  
Statement of Cash Flows  
Health Self-Insurance Internal Service Fund  
For the Fiscal Year Ended June 30, 2008

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

**Cash Flows from Operating Activities**

Cash Received from Transactions with Other Funds	\$1,697,946
Cash Received from Customers	31,603
Other Cash Receipts	28,063
Cash Payments for Goods and Services	(315,094)
Cash Payments for Claims	<u>(1,070,833)</u>

Net Cash Provided by Operating Activities 371,685

**Cash Flows from Investing Activities**

Interest on Investments 51,261

Net Increase in Cash and Cash Equivalents 422,946

Cash and Cash Equivalents Beginning of Year 1,045,903

Cash and Cash Equivalents End of Year \$1,468,849

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

Operating Income \$386,623

Decrease in Claims Payable (14,938)

Net Cash Provided by Operating Activities \$371,685

See accompanying notes to the basic financial statements



Caldwell Exempted Village School District  
Statement of Fiduciary Assets and Liabilities  
Agency Fund  
June 30, 2008

**Assets**

Equity in Pooled Cash and Cash Equivalents	<u><u>\$31,274</u></u>
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**Liabilities**

Due to Students	<u><u>\$31,274</u></u>
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See accompanying notes to the basic financial statements

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Caldwell Exempted Village School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008

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

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

The School District is located in Caldwell, Ohio, in Noble County and also consists of Aurelius Township in Washington County. The Board of Education controls the School District's three instructional/support facilities staffed by 43 classified employees, 62 certificated full-time teaching personnel and 5 administrators who provide services to 885 students and other community members. The School District is the 511th largest in the State of Ohio (among 612 school districts) in terms of enrollment.

***Reporting Entity***

A reporting entity is composed of the primary government, component units, and other organizations that are included to insure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For 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. No separate governmental units meet the criteria for inclusion as a component unit.

The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA), the Mid-East Career and Technology Centers, the East Central Ohio Special Education Regional Resource Center (ECO SERRC), the Coalition of Rural and Appalachian Schools, and the Ohio Coalition of Equity and Adequacy of School Funding which are defined as jointly governed organizations; the Ohio School Plan (OSP), which is defined as a group insurance purchasing pool; the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Self-Insurance Plan, which is defined as a risk sharing, claims servicing and insurance purchasing pool; and is associated with the Caldwell Public Library which is defined as a Related Organization. Additional information concerning these organizations is presented in Notes 16 and 17.

Caldwell Exempted Village School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008

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**Note 2 - Summary of Significant Accounting Policies**

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

**A. Basis of Presentation**

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

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

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

**Fund Financial Statements** During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. 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, 2008

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

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

**Food Service Special Revenue Fund** This fund is used to account for the financial transactions related to the food service operations of the School District.

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

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

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

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

**C. Measurement Focus**

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

Caldwell Exempted Village School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008

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

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

***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, late June personal property settlement, investment earnings, tuition, grants, fees, and rentals.

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

Caldwell Exempted Village School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008

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Property taxes for which there is an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

***E. Cash and Cash Equivalents***

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

During fiscal year 2008, the School District's investments were limited to federal agency securities, money market mutual fund, and STAROhio. Federal agency securities and the money market mutual fund are reported at fair value based on quoted market prices. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2008.

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 2008 amounted to \$101,446, which includes \$42,272 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, 2008, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Caldwell Exempted Village School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008

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***G. Inventory***

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

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

***H. Capital Assets***

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

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

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

<b>Description</b>	<b>Governmental Activities Estimated Lives</b>
Buildings and Improvements	5-50 Years
Vehicles	6-15 Years
Machinery, Equipment, Furniture, and Fixtures	5-20 Years

***I. Interfund Balances***

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

***J. Compensated Absences***

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



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

***K. Accrued Liabilities and Long-term Obligations***

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

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

***L. Interfund Activity***

Transfers within governmental activities are eliminated on the government-wide statements.

Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the statement of activities. Payments of interfund services provided and used are not eliminated.

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

***M. Restricted Assets***

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other government or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the General Fund represent cash and cash equivalents required by State statute to be set aside to create a reserve for budget stabilization and textbooks and instructional materials, unclaimed monies, and unspent revenues restricted for the purchase of buses. During fiscal year 2008, the reserve for bus purchase includes restricted cash and an intergovernmental receivable. See Note 19 for additional information regarding set asides.

***N. Fund Balance Reserves and Designations***

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance is divided into two components. The first component, undesignated fund balance, indicates that portion of fund equity which is available for appropriation in future periods.

Caldwell Exempted Village School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008

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

The reserve for unclaimed monies represents cash that, under Ohio law, must remain unclaimed for five years before it becomes available for appropriation. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures. The reserve for textbook and instructional materials represents amounts required to be set-aside by statute for the purchase of textbook and instructional materials. The reserve for bus purchase is for State grant funds required to be utilized for the purchase of school buses. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles, but not available for appropriation under State statute.

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

***O. Net Assets***

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

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

***P. Operating Revenues and Expenses***

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

***Q. Extraordinary and Special Items***

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

***R. Estimates***

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

Caldwell Exempted Village School District  
Notes to the Basic Financial Statements  
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***S. Budgetary Process***

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

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

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

**Note 3 - Change in Accounting Principles**

For fiscal year 2008, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues", and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees' years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. An OPEB liability at transition was determined in accordance with this Statement for both the STRS and the SERS postemployment healthcare plans in the amount of \$5,229, and \$17,544, respectively, which are the same as the previously reported liabilities.

GASB Statement No. 48 addresses how to account for the exchange of an interest in expected cash flows from collecting specific receivables or specific future revenues for immediate cash payments. The statement established criteria used to determine whether the transaction should be recorded as revenue or as a liability (a sale or a collateralized borrowing). The implementation of this statement did not result in any change to the financial statements.

Caldwell Exempted Village School District  
Notes to the Basic Financial Statements  
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GASB Statement No. 50 requires employers contributing to defined benefit pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements. The implementation of this statement did not result in any change to the financial statements.

**Note 4 - Accountability**

At June 30, 2008, the following funds had deficit fund balances:

<u>Special Revenue Funds</u>	<u>Amount</u>
Food Service	\$3,051
Title II A	2,044

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

**Note 5 - Budgetary Basis of Accounting**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Fair market value adjustments represent amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.

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

Caldwell Exempted Village School District  
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Net Change in Fund Balance

	General Fund	Food Service Fund
GAAP Basis	(\$278,827)	(\$3,634)
Net Adjustment for Revenue Accruals	(93,046)	(16,276)
Increase in Fair Market Value of Investments:		
Beginning of Fiscal Year	4,949	0
End of Fiscal Year	(3,996)	0
Prepaid Items:		
Beginning of Fiscal Year	12,766	0
End of Fiscal Year	(16,440)	(468)
Net Adjustment for Expenditure Accruals	42,745	43,814
Encumbrances	(388,119)	(3,529)
Budget Basis	(\$719,968)	\$19,907

**Note 6 - Deposits and Investments**

Monies held by the School District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active monies must be maintained either as cash in the School District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

Caldwell Exempted Village School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008

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2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

At June 30, 2008, the School District's internal service fund had a balance of \$1,468,849 with OME-RESA, a claims servicing pool (See Note 16). The balance is held by the claims administrator in a pooled account which is representative of numerous entities and therefore cannot be included in the risk disclosures reported by the School District. Disclosures for the OME-RESA Self-Insurance Plan as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Ohio Mid-Eastern Regional Educational Service Agency Self-Insurance Plan, Treasurer, Jefferson County ESC, Steubenville, Ohio 43695.

**Investments** As of June 30, 2008, the School District had the following investments. All investments are in an internal investment pool.

Caldwell Exempted Village School District  
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	Fair Value	Maturity	Total Investments	Ratng	Rating Agency
Federal Home Loan Bank					
Agency Notes	\$403,484	07/09/2008-02/20/2009	55.95%	Aaa/AAA	Moody's/S&P
Federal Home Loan Mortgage Corporation Agency					
Discount Note	148,185	12/22/2008	20.55%	Aaa/AAA	Moody's/S&P
Federal Home Loan Bank					
Agency Discount Note	149,055	10/03/2008	20.70%	Aaa/AAA	Moody's/S&P
First American Treasury Money					
Market Mutual Fund	20,358	07/01/2008	2.80%	N/A	N/A
STAROhio	844,087	Average 53.8 days	N/A	AAAm	S&P
Total	<u>\$1,565,169</u>				

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

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

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

### Note 7 - Property Taxes

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

Property taxes include amounts levied against all real, public utility, and tangible personal property (used in business) located in the School District. Real property tax revenues received in calendar year 2008 represents collections of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed value listed as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Caldwell Exempted Village School District  
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Public utility property tax revenues received in calendar year 2008 represent collections of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien on December 31, 2006, were levied after April 1, 2007, and are collected in 2008 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenue received in calendar 2008 (other than public utility property tax) represents the collection of calendar year 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the value as of December 31, 2007. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out - the assessment percentage for all property including inventory for 2008 is 6.25 percent. This will be reduced to zero for 2009. Payments made by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Noble and Washington Counties. The County Treasurers collect property taxes on behalf of all taxing districts in the county, including Caldwell Exempted Village School District. The County Auditors periodically advance to the School District its portion of taxes collected. Second-half real property tax payments collected by the County by June 30, 2008 are available to finance fiscal year 2008 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2008, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations and are reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

At June 30, 2008, \$192,870 was available as an advance in the General Fund. The amount available as an advance at June 30, 2007, was \$188,700 in the General Fund and \$3,540 in the Classroom Facilities Special Revenue Fund.

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

The assessed values upon which the fiscal year 2008 taxes were collected are:

	2007 First- Half Collections		2008 Second- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$74,346,710	82.93%	\$77,659,800	82.11%
Public Utility Personal	11,086,320	12.37%	10,967,470	11.60%
General Business Personal	4,216,500	4.70%	5,952,048	6.29%
<b>Total</b>	<b>\$89,649,530</b>	<b>100.00%</b>	<b>\$94,579,318</b>	<b>100.00%</b>

Tax rate per \$1,000 of assessed valuation	\$31.70	\$31.20
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Caldwell Exempted Village School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008

**Note 8 - Receivables**

Receivables at June 30, 2008, consisted of property taxes, accounts (billings for user charged services and student fees and tuition), accrued interest, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables, except property taxes, are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of principal items of intergovernmental receivables follows:

	Amounts
<b>Governmental Activities:</b>	
Property Tax Allocations	\$59,609
School Bus Purchase Reimbursement	5,165
High Schools That Work Grant	2,650
Special IDEA Part B Grant	65,479
Title I	15,724
Title V	2,892
Title II-A	1,465
Title VII-D	1,849
Drug Free Grant	3,926
<b>Total</b>	<b>\$158,759</b>

**Note 9 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
<b>Nondepreciable Capital Assets</b>				
Land	\$381,096	\$0	\$0	\$381,096
<b>Depreciable Capital Assets</b>				
Buildings and Improvements	9,444,880	1,921	0	9,446,801
Vehicles	1,204,160	7,392	(11,000)	1,200,552
Machinery, Equipment, Furniture, and Fixtures	1,255,499	31,495	(25,549)	1,261,445
<b>Total Capital Assets Being Depreciated</b>	<b>11,904,539</b>	<b>40,808</b>	<b>(36,549)</b>	<b>11,908,798</b>
Less Accumulated Depreciation:				
Buildings and Improvements	(4,300,143)	(220,362)	0	(4,520,505)
Vehicles	(1,023,030)	(61,049)	11,000	(1,073,079)
Machinery, Equipment, Furniture, and Fixtures	(1,156,140)	(28,559)	25,549	(1,159,150)
<b>Total Accumulated Depreciation</b>	<b>(6,479,313)</b>	<b>(309,970) *</b>	<b>36,549</b>	<b>(6,752,734)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>5,425,226</b>	<b>(269,162)</b>	<b>0</b>	<b>5,156,064</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$5,806,322</b>	<b>(\$269,162)</b>	<b>\$0</b>	<b>\$5,537,160</b>

During fiscal year 2008, the School District received capital contributions in the form of equipment from a vocational school in the amount of \$23,295.

Caldwell Exempted Village School District  
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\* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$102,126
Special	29,731
Vocational	11,453
Support Services:	
Pupils	8,364
Instructional Staff	13,478
Board of Education	2,247
Administration	15,896
Fiscal	4,918
Operation and Maintenance of Plant	36,002
Pupil Transportation	66,676
Non-Instructional Services - Food Service Operations	13,593
Extracurricular Activities	5,486
Total Governmental Depreciation	<u><u>\$309,970</u></u>

**Note 10 - Interfund Transfers**

Transfers were made during fiscal year 2008 from the General Fund to the Food Service Special Revenue Fund in the amount of \$43,000. This transfer was made to move unrestricted balances to support the food service non-instructional program accounted for in a separate fund.

**Note 11 - Risk Management**

***A. Property and Liability***

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2008, the School District joined together with other school districts in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium to the OSP (See Note 16). In addition, the School District contracted with Westfield Insurance Company and the Hartford Steam Boiler Insurance Company for building, personal property, employee dishonesty, and equipment insurance. During fiscal year 2008, the School District purchased the following coverage:

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Ohio School Plan

Fleet Insurance:

Liability	\$1,000,000	any one accident
Auto Medical Payments	\$5,000	any one accident
Uninsured Motorists	\$50,000	any one accident
Comprehensive	actual cash value	Buses - \$1,000 deductible Other Autos \$250 deductible
Collision	actual cash value	Buses - \$1,000 deductible Other Autos \$500 deductible
Towing and Labor	actual cash value	\$50 deductible
Hired or Borrowed Vehicles	actual cash value	\$250-\$500 deductible

Liability Coverages:

General Liability Aggregate Limit	\$3,000,000	
Employee Liability Coverage Aggregate Limit	\$3,000,000	
Employers' Liability Each Accident	\$1,000,000	
Errors and Omissions Aggregate Limit	\$3,000,000	\$2,500 deductible
Employment Practices Injury Aggregate Limit	\$3,000,000	\$2,500 deductible
Declaratory, Equitable, and Injunctive Relief		
Defense Aggregate	\$25,000	\$2,500 deductible
Violence Coverage Aggregate Limit	\$500,000	

Westfield Insurance Company

Building and personal property	\$22,555,500	\$1,000 deductible
Football uniforms and equipment	\$25,000	\$500 deductible
Musical Instruments and related equipment	\$170,000	\$500 deductible
Employee Dishonesty	\$10,000	\$500 deductible

Hartford Steam Boiler Insurance Company

Equipment Breakdown Limit	\$8,850,000	\$1,000 deductible
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Travelers Casualty and Surety Company of America

Treasurer Bond	\$50,000	
Superintendent and Board President Bond	\$40,000	each

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

***B. Workers' Compensation***

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

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

Medical/surgical, dental, vision, and prescription drug insurance is offered through a self-insurance internal service fund. The School District pays all but \$15 per month for single and \$30 for family for classified employees and all but \$25 per month for single and \$50 for family for certified employees in premiums for basic medical insurance. In addition, the School District pays the entire premium for dental and prescription drug coverage and also covers one-half of the cost of vision insurance for all employees. The School District

Caldwell Exempted Village School District  
Notes to the Basic Financial Statements  
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is a member of a claims servicing pool in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The School District's stop loss amount per person is \$35,000 for fiscal year 2008. The claims liability of \$394,230 reported in the internal service fund at June 30, 2008, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by the incremental claims adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the fund's claims liability amount in 2007 and 2008 were:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2007	\$345,532	\$1,309,602	\$1,245,966	\$409,168
2008	409,168	1,055,895	1,070,833	394,230

**Note 12 - Other Employee Benefits**

***A. Compensated Absences***

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators who are contracted to work on an eleven or twelve month basis earn ten to twenty days of vacation per year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers and administrators who work less an eleven or twelve month basis do not earn vacation time. Certified and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 240 days for certified employees and up to 220 days for classified employees. Upon retirement, certified employees receive payment for one-fourth of the total sick leave accumulation up to a maximum of 47 days plus one additional day for every three years spent in the School District. Classified employees, upon retirement, receive a severance payment for one-fourth of the total sick leave accumulation up to 36 total paid days plus one and one-half days for every three years of continuous employment leading up to retirement.

***B. Life Insurance***

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

**Note 13 - Defined Benefit Pension Plans**

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

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend

Caldwell Exempted Village School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008

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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, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007, and 2006, were \$80,023, \$84,920, and \$83,430, respectively; 40.77 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

***B. State Teachers Retirement System***

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2007, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board,

Caldwell Exempted Village School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008

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upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006, were \$384,928, \$406,614, and \$425,672, respectively; 83.51 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006. Contributions to the DC and Combined Plans for fiscal year 2008 were \$485 made by the School District and \$7,442 made by the plan members.

***C. Social Security System***

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2008, there are no employees who have elected Social Security.

**Note 14 - Postemployment Benefits**

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

**Plan Description** - The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their Beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

**Funding Policy** - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was \$35,800. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006, were \$61,748, \$49,321, and \$49,366, respectively; 34.75 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to

Caldwell Exempted Village School District  
Notes to the Basic Financial Statements  
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the Medicare B Fund. For 2008, this actuarially required allocation was 0.66 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 were \$5,980, \$14,092, and \$12,934 respectively; 42.89 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

**B. State Teachers Retirement System**

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

**Funding Policy** - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006, were \$29,610, \$31,278, and \$32,744, respectively; 83.51 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

**Note 15 - Long-Term Obligations**

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

	Outstanding 06/30/07	Additions	Reductions	Outstanding 06/30/08	Amounts Due Within One Year
<b>Governmental Activities:</b>					
General Obligation Bonds:					
1987 7.875% School Improvement	\$130,000	\$0	(\$130,000)	\$0	\$0
Compensated Absences	447,082	(65,565)	(24,955)	356,562	62,809
Total Governmental Activities					
Long-Term Liabilities	<u>\$577,082</u>	<u>(\$65,565)</u>	<u>(\$154,955)</u>	<u>\$356,562</u>	<u>\$62,809</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 were paid from the Bond Retirement Debt Service Fund.

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

The overall debt margin of the School District as of June 30, 2008, was \$8,520,379, with an unvoted debt margin of \$94,054.

**Note 16 - Jointly Governed Organizations and Public Entity Risk Pools**

***A. Jointly Governed Organizations***

The **Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA)** was created as a regional council of governments pursuant to State statutes. OME-RESA includes school districts from 11 participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Jefferson, Monroe, Muskingum, Noble, and Tuscarawas Counties. OME-RESA provides financial accounting services, educational management information, legal services, and cooperative purchasing services to member districts. OME-RESA is governed by a governing board which is selected by the member districts. OME-RESA possesses its own budgeting authority. The School District's payment for the various computer services to OME-RESA in fiscal year 2008 was \$22,023. 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 Career and Technology Centers** is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the 14 participating school districts' elected boards. The Board possesses its own budgeting and taxing authority. The Board controls the financial activity of the Joint Vocational School District. To obtain financial information write to the Mid-East Career and Technology Centers, Rick White, Treasurer, at 1965 Chandlersville Road, Zanesville, Ohio 45701.

The **East Central Ohio Special Education Regional Resource Center (ECO SERRC)** is a special education regional resource center which selects its own advisory board, adopts its own budget, recommends employment through its fiscal agent, establishes policy, and receives direct federal and state grants for its operation. The jointly governed organization was formed for the purpose of initiating, expanding, and improving special education programs and services for children with disabilities and their parents. The ECO SERRC is governed by an advisory board that operates under guidelines developed by the Office for Exceptional Children at the Ohio Department of Education and consists of one or more superintendents from each of the 10 counties in the region and two parents. The advisory board may also include one representative from the county boards of mental retardation and developmental disabilities, a representative from an institution of higher education, and others at the discretion of the Advisory Board. The degree of control exercised by any participating school district is limited to its representation on the Board. There is no financial commitment made by the districts involved in ECO SERRC. ECO SERRC is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for ECO SERRC. Financial information can be obtained by contacting ECO SERRC's fiscal agent, Treasurer at the Tuscarawas-Carroll-Harrison Educational Service Center, 834 East High Avenue, New Philadelphia, Ohio 44663.

The **Coalition of Rural and Appalachian Schools** is a jointly governed organization composed of over 130 school districts and other educational institutions in the 29-county region of Ohio designated as Appalachia. The Coalition is operated by a board which is composed of seventeen members. The board members consist of one member elected and one member appointed from each of the seven regions into which the 29 Appalachian counties are divided; and three from the Ohio University College of Education. The Coalition provides various in-service functions for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Coalition. During



Caldwell Exempted Village School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008

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fiscal year 2008, the School District paid \$300 to the Coalition. To obtain financial information write to CORAS, McCracken Hall, Ohio University, Athens, Ohio 45701.

The **Ohio Coalition of Equity and Adequacy of School Funding** is organized as a council of governments pursuant to Chapter 167 of the Ohio Revised Code. The Coalition was organized in 1990 to challenge the constitutionality of the Ohio school funding system. The Coalition is governed by a Steering Committee of 90 school district representatives. Though most of the representatives are superintendents, some treasurers, board members, and administrators also serve. Several persons serve as ex officio members. The membership of the coalition includes over 500 school districts throughout the State of Ohio. Member school districts and joint vocational schools pay dues of \$.05 per pupil. School districts and joint vocational schools may also pay supplemental dues in the amount of \$.50 per pupil for K-12 districts and educational service centers pay dues of \$.05 per pupil. The Coalition is not dependent on the continued participation of the School District and the School District does not maintain an equity interest or financial responsibility for the Coalition. During fiscal year 2008, the School District paid \$424 to the Coalition. Financial information can be obtained by contacting the Coalition's fiscal agent, Muskingum Valley Educational Service Center, 205 North Seventh Street, Zanesville, Ohio 43701-3709.

***B. Public Entity Risk Pools***

The School District participates in the **Ohio School Plan (OSP)**, an insurance purchasing pool. The Ohio School Plan (OSP) is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a 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.

The School District participates in the **Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Self-Insurance Plan**, a risk sharing, claims servicing, and insurance purchasing pool comprised of eighty-four members, including two insurance consortiums. Each participant appoints a member of the insurance plans' assembly. The Plans' business and affairs are conducted by a nine member Board of Directors elected from the assembly. The plan offers medical, dental and prescription drug coverage to the members on a self-insured basis, as well as the opportunity to participate in the group purchasing of life insurance coverage. The medical coverage plan provides each plan participant the opportunity to choose a self-insurance deductible limit which can range from \$35,000 to \$100,000 under which the individual member is responsible for all claims through the claims servicing pool. Plan participants also participate in a shared risk internal pool for individual claims between the self-insurance deductible limit and \$400,000, and all claims between the deductible and the \$400,000 are paid from the internal shared risk pool. The internal pool is not owned by the plan participants. All participants pay a premium rate that is actuarially calculated based on the participants' actual claims experience which are utilized for the payment of claims within the claims servicing pool up to the self-insurance deductible limit; and for this portion of the plan, all plan participants retain their own risk. All participants pay an additional fee for participation in the internal pool that is based on the claims of the internal pool in aggregate and is not based on individual claims experience. In the event of a deficiency in the internal pool, participants would be charged a higher rate for participation, and in the event of a surplus, the internal pool pays dividends to the participants. For all individual claims

Caldwell Exempted Village School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008

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exceeding \$400,000, stop loss coverage is purchased, as well as for an annual total plan aggregate claims amount.

All plan participants also pay a monthly administrative fee for fiscal services and third party administrative services. The plan also purchases fully insured life insurance for plan participants provided by Met Life.

**Note 17 - Related Organization**

The **Caldwell Public Library** is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Caldwell Exempted Village School District as presented by the Library. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the School District for operational subsidies. Although the School District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Caldwell Public Library, at 517 Spruce Street, P.O. Box 230, Caldwell, Ohio 43724-0230.

**Note 18 - Contingencies**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2008.

**B. Litigation**

The School District is currently 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.

**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.

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

Caldwell Exempted Village School District  
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For the Fiscal Year Ended June 30, 2008

experience in future years. The bill placed special conditions on any Bureau of Workers' Compensation monies remaining in the budget reserve.

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

	Textbooks	Capital Improvements	Budget Stabilization
Set-aside reserve balance as of June 30, 2007	\$27,494	\$0	\$28,284
Current year set-aside requirement	116,056	116,056	0
Current year offsets	0	(38,017)	0
Qualifying disbursements	(111,140)	(126,510)	0
Total	<u>\$32,410</u>	<u>(\$48,471)</u>	<u>\$28,284</u>
Set-aside balance carried forward to future fiscal years	<u>\$32,410</u>	<u>\$0</u>	<u>\$28,284</u>
Set-aside reserve balance as of June 30, 2008	<u>\$32,410</u>	<u>\$0</u>	<u>\$28,284</u>

The School District had qualifying disbursements and offsets during the fiscal year that reduced the set-aside amount to below zero for capital improvements set-aside. This extra amount may not be carried forward for capital improvements of future years.

**Note 20 - Subsequent Event**

The School District placed a 12 mill operating levy on the November 4, 2008, ballot. The levy was approved by the voters of the School District.

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**CALDWELL EXEMPTED VILLAGE SCHOOL DISTRICT  
NOBLE COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2008**

FEDERAL GRANTOR/ Pass-Through Grantor/ Program Title	Grant Year	Federal CFDA Number	Receipts	Noncash Receipts	Disbursements	Noncash Disbursements
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education:</i>						
Food Donation	2008	10.550	\$ 0	\$ 21,086	\$ 0	\$ 21,086
Nutrition Cluster:						
School Breakfast Program	2007	10.553	7,838		7,838	
	2008		<u>52,188</u>		<u>52,188</u>	
Total School Breakfast Program			<u>60,026</u>	0	<u>60,026</u>	0
National School Lunch Program	2007	10.555	13,937		13,937	
	2008		<u>105,443</u>		<u>105,443</u>	
Total National School Lunch Program			<u>119,380</u>	0	<u>119,380</u>	0
Total Nutrition Cluster			<u>179,406</u>	0	<u>179,406</u>	0
Total United States Department of Agriculture			179,406	21,086	179,406	21,086
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education:</i>						
Title I Grants to Local Educational Agencies	2007	84.010	3,686		18,565	
	2008		<u>156,493</u>		<u>136,747</u>	
Total Title I Grants to Local Educational Agencies			<u>160,179</u>	0	<u>155,312</u>	0
Special Education Cluster:						
Special Education - Grants to States	2007	84.027	27,000		59,855	
	2008		<u>241,801</u>		<u>206,414</u>	
Total Special Education - Grants to States			<u>268,801</u>	0	<u>266,269</u>	0
Special Education - Preschool Grants	2007	84.173	936		2,641	
Total Special Education Cluster			<u>269,737</u>	0	<u>268,910</u>	0
Safe and Drug-Free Schools and Communities - State Grants	2007	84.186	635		1,550	
	2008		<u>4,029</u>		<u>1,857</u>	
Total Safe and Drug-Free Schools and Communities - State Grants			<u>4,664</u>	0	<u>3,407</u>	0
State Grants for Innovative Programs	2007	84.298	(76)		0	
	2008		<u>210</u>		<u>0</u>	
Total State Grants for Innovative Programs			<u>134</u>	0	<u>0</u>	0
Education Technology State Grants	2007	84.318	3,345		4,536	
	2008		<u>170</u>		<u>0</u>	
Total Education Technology State Grants			<u>3,515</u>	0	<u>4,536</u>	0
Improving Teacher Quality State Grants	2007	84.367	3,075		7,099	
	2008		<u>52,061</u>		<u>47,320</u>	
Total Improving Teacher Quality State Grants			<u>55,136</u>	0	<u>54,419</u>	0
<i>Passed Through Ohio Valley Educational Service Center:</i>						
Special Education - Preschool Grants	2008	84.173	<u>13,227</u>		<u>13,227</u>	
Total United States Department of Education			<u>506,592</u>	0	<u>499,811</u>	0
<b>Total Federal Awards Receipts and Expenditures</b>			<b><u>\$ 685,998</u></b>	<b><u>\$ 21,086</u></b>	<b><u>\$ 679,217</u></b>	<b><u>\$ 21,086</u></b>

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

**CALDWELL EXEMPTED VILLAGE SCHOOL DISTRICT  
NOBLE COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2008**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – CHILD NUTRITION CLUSTER**

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

**NOTE C – FOOD DONATION PROGRAM**

Program regulations do not require the School District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair value of the commodities received.

**NOTE D – TRANSFERS**

During fiscal year 2008, the Ohio Department of Education (ODE) authorized the School District to carryover monies from the prior fiscal year to the current fiscal year. Authorized carryover monies are shown as a reduction of federal revenues in the program that the transfer was made from and increased federal revenue in the program that received the transfer or carryover. A detailed listing of the carryovers is as follows:

CFDA Number	Program Title	Grant Year	Transfers Out	Transfers In
84.010	Title I Grants to Local Educational Agencies	2007	\$ 4,188	
84.010	Title I Grants to Local Educational Agencies	2008		\$ 4,188
84.186	Safe and Drug-Free Schools and Communities - State Grants	2007	21	
84.186	Safe and Drug-Free Schools and Communities - State Grants	2008		21
84.298	State Grants for Innovative Programs	2007	76	
84.298	State Grants for Innovative Programs	2008		76
Totals			<u>\$ 4,285</u>	<u>\$ 4,285</u>



# Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Caldwell Exempted Village School District, Noble County, Ohio (the School District), as of and for the year ended June 30, 2008, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 11, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the School District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

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

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

We noted certain matters that we reported to the School District's management in a separate letter dated March 11, 2009.

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### **Compliance and Other Matters**

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

We did note certain noncompliance or other matters that we reported to the School District's management in a separate letter dated March 11, 2009.

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

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

March 11, 2009





# Mary Taylor, CPA

## Auditor of State

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

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

To the Board of Education:

#### Compliance

We have audited the compliance of Caldwell Exempted Village School District, Noble County, Ohio (the School District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended June 30, 2008. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the School District's major federal program. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2008.

#### Internal Control Over Compliance

The School District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

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

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

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

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

**Mary Taylor, CPA**  
Auditor of State

March 11, 2009

**CALDWELL EXEMPTED VILLAGE SCHOOL DISTRICT  
NOBLE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
FOR THE YEAR ENDED JUNE 30, 2008**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unqualified
<i>(d)(1)(ii)</i>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any other significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under §.510?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	Special Education Cluster – CFDA #84.027 & #84.173
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	Yes

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.





**Mary Taylor, CPA**  
Auditor of State

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

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED**  
**APRIL 14, 2009**