ST. BERNARD-ELMWOOD PLACE CITY SCHOOL DISTRICT

Basic Financial Statements

Year Ended June 30, 2009

With Independent Auditors' Report

Board of Education
St. Bernard-Elmwood Place City School District
105 Washington Avenue
St. Bernard, Ohio 45217

We have reviewed the *Independent Auditors' Report* of the St. Bernard-Elmwood Place City School District, Hamilton County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2008 through June 30, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

February 2, 2010

This Page is Intentionally Left Blank.

TABLE OF CONTENTS

Independent Auditors' Report 1-2

Management's Discussion and Analysis 3-11

Basic Financial Statements:

Government-wide Financial Statements
Statement of Net Assets 12
Statement of Activities 13-14

Fund Financial Statements
Balance Sheet – Governmental Funds 15-16
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds 17-18
Statement of Fiduciary Net Assets – Fiduciary Funds 19
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds 20

Notes to Basic Financial Statements 21-43

Required Supplementary Information:

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - (Non-GAAP Budgetary Basis) - General Fund 45

Notes to the Required Supplementary Information 46-47

Additional Information:

Schedule of Expenditures of Federal Awards 48

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 49-50

Report on Compliance with Requirements Applicable to each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 51-52

Schedule of Findings and Questioned Costs 53

Other Information:

Independent Accountants' Report on Applying Agreed-Upon Procedures

INDEPENDENT AUDITORS' REPORT

To the Board of Education
St. Bernard-Elmwood Place City School District:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Bernard-Elmwood Place City School District (the School District), as of and for the year ended June 30, 2009, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 that 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 St. Bernard-Elmwood Place City School District as of June 30, 2009, and the respective changes in financial position, thereof 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 December 23, 2009, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the budgetary comparison information on pages 3 through 11 and 45 through 47, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133 and is not a required part of the basic financial statements of the St. Bernard-Elmwood Place City School District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
December 23, 2009

The discussion and analysis of St. Bernard-Elmwood Place City School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and basic financial statements to enhance their understanding of the District's performance.

Financial Highlights

Key financial highlights for 2009 are as follows:

- Net assets of governmental activities increased $145,974 which represents a 3% increase from 2008.

- General revenues accounted for $10,717,339 in revenue or 77% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for $3,111,654 or 23% of total revenues of $13,828,993.

- The District had $13,683,019 in expenses related to governmental activities; $3,111,654 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of $10,717,339 were also used to provide for these programs.

OVERVIEW OF THE FINANCIAL STATEMENTS

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 District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the 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 District's most significant funds with all other nonmajor funds presented in total in one column. The General Fund is the only major fund of the District.

Government-wide Financial Statements

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2009?" The Government-wide Financial Statements 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 District's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Government-wide Financial Statements, the overall financial position of the District is presented in the following manner:

- Governmental Activities – Most of the District's programs and services are reported here including instruction, support services, operation of non-instructional services, extracurricular activities, and interest and fiscal charges.

Fund Financial Statements

The analysis of the District's major fund is presented in the Fund Financial Statements (see Table of Contents). Fund financial reports provide detailed information about the District's major fund. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds.

Governmental Funds Most of the 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 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.

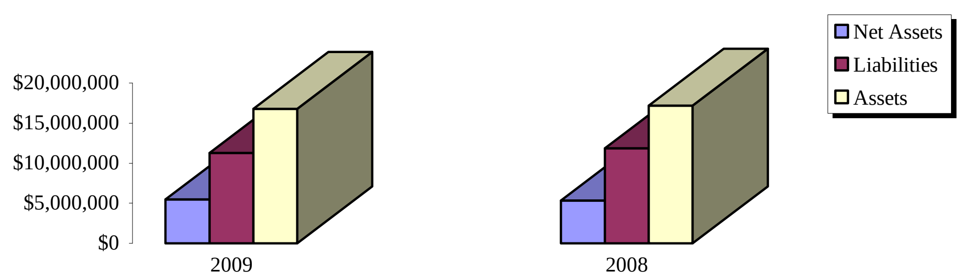
Fiduciary Funds Fiduciary Funds are used to account for resources held for the benefits of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The District as a Whole

As stated previously, the Statement of Net Assets looks at the District as a whole. Table 1 provides a summary of the District's net assets for 2009 compared to 2008:

Table 1
Net Assets

	Governmental Activities	
	2009	2008
Assets:		
Current and Other Assets	$13,838,291	$14,024,279
Capital Assets	2,941,576	3,174,714
Total Assets	16,779,867	17,198,993
Liabilities:		
Other Liabilities	8,743,243	9,327,747
Long-Term Liabilities	2,552,468	2,533,064
Total Liabilities	11,295,711	11,860,811
Net Assets:		
Invested in Capital Assets, Net of Related Debt	1,705,740	1,737,714
Restricted	799,923	504,371
Unrestricted	2,978,493	3,096,097
Total Net Assets	$5,484,156	$5,338,182



Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2009, the District's assets exceeded liabilities by $5,484,156.

At year-end, capital assets represented 18% of total assets. Capital assets include land, buildings and improvements, and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2009, was $1,705,740. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, $799,923 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Capital assets decreased from the prior year due primarily to the depreciation expense being larger than additions less deletions. Other Liabilities decreased mainly due to a decrease in unearned revenue which was due to a corresponding decrease in taxes receivable.

Table 2 shows the changes in net assets for fiscal years 2009 and 2008.

Table 2
Changes in Net Assets

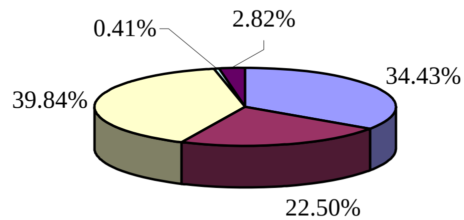
	Governmental Activities	
	2009	2008
Revenues:		
Program Revenues		
Charges for Services	$236,151	$237,896
Operating Grants, Contributions	2,872,571	2,966,730
Capital Grants and Contributions	2,932	8,370
General Revenues:		
Property Taxes	5,509,116	6,102,775
Grants and Entitlements	4,761,318	4,542,073
Other	446,905	550,690
Total Revenues	13,828,993	14,408,534
Program Expenses:		
Instruction	7,098,708	7,249,520
Support Services:		
Pupil and Instructional Staff	1,849,546	1,976,646
School Administrative, General Administration, and Fiscal	1,559,122	1,382,602
Operations and Maintenance	1,158,156	1,247,855
Pupil Transportation	426,999	444,761
Central	193,283	136,575
Operation of Non-Instructional Services	1,133,070	1,053,335
Extracurricular Activities	174,855	182,911
Interest and Fiscal Charges	89,280	98,795
Total Program Expenses	13,683,019	13,773,000
Change in Net Assets	145,974	635,534
Net Assets Beginning of Year	5,338,182	4,702,648
Net Assets End of Year	$5,484,156	$5,338,182

Of the total governmental activities revenues of $13,828,993, $3,111,654 is from program revenue. This means that the government relies on general revenues to fund the majority of the cost of services provided to the citizens. Of those general revenues, $5,509,116 (51%) comes from property tax levies and $4,761,318 (44%) is from state funding. This District's operations are reliant upon its property tax levy and the state's foundation program.

The District depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a 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.

Thus Ohio districts do not receive additional property tax revenue from increases in appraisal values and must regularly return to the voters to maintain a constant level of service.

Revenue Sources	2009	Percent of Total
General Grants	$4,761,318	34.43%
Program Revenues	3,111,654	22.50%
General Tax Revenues	5,509,116	39.84%
Investment Earnings	56,186	0.41%
Other Revenues	390,719	2.82%
	$13,828,993	100.00%



Instruction comprises 52% of governmental program expenses. Support services expenses were 38% of governmental program expenses. All other expenses including interest expense were 10%. Interest expense was attributable to the outstanding borrowing for capital projects.

Property taxes decreased primarily due to the decrease in the amount of personal property tax received by the District in 2009, while general grants increased from 2008 to 2009 due to the reimbursement from the State for the loss of personal property tax revenue (HB66). Total expenses for fiscal year 2009 when compared to fiscal year 2008 decreased slightly due to the District's ongoing effort to decrease cost throughout the District.

Governmental Activities

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

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2009	2008	2009	2008
Instruction	$7,098,708	$7,249,520	($5,615,255)	($6,030,367)
Support Services:				
Pupil and Instructional Staff	1,849,546	1,976,646	(1,417,537)	(1,393,520)
School Administrative, General Administration, and Fiscal	1,559,122	1,382,602	(1,484,238)	(1,214,458)
Operations and Maintenance	1,158,156	1,247,855	(1,152,127)	(1,240,710)
Pupil Transportation	426,999	444,761	(384,044)	(407,611)
Central	193,283	136,575	(188,272)	(132,451)
Operation of Non-Instructional Services	1,133,070	1,053,335	(96,763)	112,544
Extracurricular Activities	174,855	182,911	(143,849)	(154,636)
Interest and Fiscal Charges	89,280	98,795	(89,280)	(98,795)
Total Expenses	$13,683,019	$13,773,000	($10,571,365)	($10,560,004)

The District's Major Fund

The District has one major governmental fund: the General Fund. Assets of the general fund comprised $12,310,785 (87%) of the total $14,137,826 governmental funds assets.

General Fund: Fund balance at June 30, 2009 was $3,182,645. The fund balance decreased from 2009 compared to 2008. The grant monies (intergovernmental revenues) increased, while personal property tax revenues decreased from the prior year primarily due to the District receiving extra grant monies to compensate for the decrease in personal property tax revenues received due to the phasing out of personal property taxes.

General Fund Budgeting Highlights

The 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 District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the District revised the Budget in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, final budgeted revenue increased when compared to the original budgeted estimated revenue for fiscal year 2009. The difference is due to a conservative estimate for taxes and intergovernmental revenue.

The District's ending unobligated cash balance for the General Fund was $536,728, below the final budgeted amount.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2009, the District had $2,941,576 invested in land, buildings and improvements, and equipment. Table 4 shows fiscal year 2009 balances compared to fiscal year 2008:

Table 4
Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities	
	2009	2008
Land	$306,322	$306,322
Buildings and Improvements	2,400,683	2,632,082
Equipment	234,571	236,310
Total Net Capital Assets	$2,941,576	$3,174,714

The decrease in capital assets is due to additions for the fiscal year being less than depreciation expense.

See note 6 to the basic financial statements for further details on the District's capital assets.

Debt

At June 30, 2009, the District had $1,334,000 in capital leases outstanding, $108,000 due within one year. Table 5 summarizes debt outstanding.

Table 5
Outstanding Debt, at Year End

	Governmental Activities	
	2009	2008
Capital Lease	$1,334,000	$1,437,000

See note 8 and 9 in the notes to the basic financial statements for further details on the District's outstanding debt.

For the Future

Externally, the Ohio Supreme Court found the State of Ohio in March 1997, to be operating an unconstitutional educational system, one that was neither "adequate" nor "equitable." Since 1997, the State has directed its tax revenue growth toward school districts with little property tax wealth. In May of 2000, the Ohio Supreme Court again ruled that, while the State had made some progress, the current funding system for schools is far too dependent on property taxes which are inherently not "equitable" nor "adequate". The Court directed the Governor and the legislature to address the fundamental issues creating the inequities. In 2001, the Ohio legislature crafted a school-funding program to address the Court's concerns.

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding decision is unconstitutional. The Supreme Court relinquished jurisdiction over the case and directed "…the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient…".

The District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations, or if the State of Ohio will comply with the decision.

This scenario requires management to plan carefully and prudently to provide the resources to meet student needs over the next several years. Financially, the future of the District is not without challenges. Management must diligently plan future expenditures.

HB66 will cause the district to lose over $4,000,000 in local personal property tax revenue. During the fiscal years 2006 through 2010 the District will be reimbursed for a portion of this lost revenue from the state based on the Districts fiscal year 2004 personal property tax collections. However, this reimbursement will not replace the anticipated tax revenues the District was expecting in fiscal years 2006 through 2010. For fiscal years 2011 through 2017 the reimbursement will be phased out completely. After fiscal year 2017, the District will only received an increase in the foundation amount received from the state due to any decrease in valuation. In fiscal year 2006 the District reduced the budget by approximately $400,000, the District then reduced the budget by approximately $450,000 in fiscal year 2007 and they reduced the budget by approximately $500,000 in fiscal year 2008. The District will have further budget reductions up through 2017 as needed.

In July, 2009, the Ohio's Governor signed HB 1, the state biennium budget bill. Included in this bill was a complete overhaul of the school funding model for all school districts in Ohio. The new Ohio Evidence-Based Model (OEBM) replaces the long-standing foundation formula that was declared unconstitutional by the Ohio Supreme Court. If ever fully-funded, the new model has the potential to drive funding based on student needs and could result in additional revenue. However, the current economic crisis has reduced revenue at the state level prompting budget reduction measures across the State. As such, the OEBM model is being phased in with FY 10 and FY 11 funding being allocated based on 99% of FY 09 funding and 98% of FY 10 funding, respectively. Federal stimulus funds are being used in Ohio to balance the education budget and as such, funding for public education at the current level is not secure beyond FY 11. This uncertainty could have a major impact on our instructional and operational programs. The need for additional revenue and or expenditure reductions will need to be monitored closely.

All of the District's financial abilities will be needed to meet the challenges of the future. With careful planning and monitoring of the District's finances, the District's management is confident that the District can continue to provide a quality education for our students and provide a secure financial future.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Michael Mays, Treasurer at St. Bernard-Elmwood Place City School District, 105 Washington Avenue, St. Bernard, Ohio 45217. Or E-mail at mmays@sbepschools.org.

St. Bernard-Elmwood Place City School District
Statement of Net Assets
June 30, 2009

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	$3,928,509
Investment with Fiscal Agent	98,164
Receivables:	
Taxes	9,340,700
Accounts	6,473
Intergovernmental	458,611
Inventory	5,834
Nondepreciable Capital Assets	306,322
Depreciable Capital Assets, Net	2,635,254
Total Assets	16,779,867
Liabilities:	
Accounts Payable	133,298
Accrued Wages and Benefits	903,496
Accrued Interest Payable	3,081
Unearned Revenue	7,268,368
Tax Anticipation Notes Payable	435,000
Long-Term Liabilities:	
Due Within One Year	343,328
Due In More Than One Year	2,209,140
Total Liabilities	11,295,711
Net Assets:	
Invested in Capital Assets, Net of Related Debt	1,705,740
Restricted for:	
Debt Service	66,601
Capital Projects	493,307
Other Purposes	240,015
Unrestricted	2,978,493
Total Net Assets	$5,484,156

See accompanying notes to the Basic Financial Statements.

St. Bernard-Elmwood Place City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2009

		Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction:				
Regular	$5,727,442	$50,601	$962,478	$0
Special	1,278,907	0	373,589	0
Other	92,359	0	96,785	0
Support Services:				
Pupil	936,637	7,430	194,330	0
Instructional Staff	912,909	2	230,247	0
General Administration	18,797	0	0	0
School Administration	1,068,427	0	74,884	0
Fiscal	471,898	0	0	0
Operations and Maintenance	1,158,156	6,029	0	0
Pupil Transportation	426,999	0	40,023	2,932
Central	193,283	11	5,000	0
Operation of Non-Instructional Services	1,133,070	141,072	895,235	0
Extracurricular Activities	174,855	31,006	0	0
Interest and Fiscal Charges	89,280	0	0	0
Total Governmental Activities	$13,683,019	$236,151	$2,872,571	$2,932

General Revenues:
Property Taxes Levied for:
General Purposes
Grants and Entitlements not Restricted to Specific Programs
Investment Earnings
Other Revenues

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Assets
Governmental Activities
($4,714,363)
(905,318)
4,426
(734,877)
(682,660)
(18,797)
(993,543)
(471,898)
(1,152,127)
(384,044)
(188,272)
(96,763)
(143,849)
(89,280)
(10,571,365)
5,509,116
4,761,318
56,186
390,719
10,717,339
145,974
5,338,182
$5,484,156

St. Bernard-Elmwood Place City School District
Balance Sheet
Governmental Funds
June 30, 2009

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Equity in Pooled Cash and Investments	$2,433,852	$1,494,657	$3,928,509
Investment with Fiscal Agent	0	98,164	98,164
Receivables:			
Taxes	9,340,700	0	9,340,700
Accounts	5,389	1,084	6,473
Intergovernmental	231,309	227,302	458,611
Interfund	299,535	0	299,535
Inventory	0	5,834	5,834
Total Assets	12,310,785	1,827,041	14,137,826
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	85,392	47,906	133,298
Accrued Wages and Benefits	777,030	126,466	903,496
Compensated Absences	128,018	0	128,018
Interfund Payable	0	299,535	299,535
Deferred Revenue	7,702,700	226,990	7,929,690
Tax Anticipation Notes Payable	435,000	0	435,000
Total Liabilities	9,128,140	700,897	9,829,037
Fund Balances:			
Reserved for Encumbrances	0	26,678	26,678
Reserved for Inventory	0	5,834	5,834
Reserved for Property Tax Advances	1,638,000	0	1,638,000
Unreserved, Undesignated, Reported in:			
General Fund	1,544,645	0	1,544,645
Special Revenue Funds	0	544,989	544,989
Debt Service Funds	0	66,601	66,601
Capital Projects Funds	0	482,042	482,042
Total Fund Balances	3,182,645	1,126,144	4,308,789
Total Liabilities and Fund Balances	$12,310,785	$1,827,041	$14,137,826

See accompanying notes to the Basic Financial Statements.

St. Bernard-Elmwood Place City School District
Reconciliation of Total Governmental Fund Balance to
Net Assets of Governmental Activities
June 30, 2009

Total Governmental Fund Balance		$4,308,789
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.		2,941,576
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Delinquent Property Taxes	434,332	
Intergovernmental	226,990	
		661,322
In the statement of net assets interest payable is accrued when incurred, whereas in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.		(3,081)
Some liabilities reported in the statement of net assets do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds.		
Compensated Absences		(1,090,450)
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.		(1,334,000)
Net Assets of Governmental Activities		$5,484,156

See accompanying notes to the Basic Financial Statements.

St. Bernard-Elmwood Place City School District
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2009

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	$5,452,044	$0	$5,452,044
Tuition and Fees	50,601	0	50,601
Investment Earnings	55,190	996	56,186
Intergovernmental	5,247,365	2,332,991	7,580,356
Extracurricular Activities	0	38,517	38,517
Charges for Services	0	141,009	141,009
Other Revenues	237,574	159,171	396,745
Total Revenues	11,042,774	2,672,684	13,715,458
Expenditures:			
Current:			
Instruction:			
Regular	4,823,776	752,251	5,576,027
Special	1,197,251	56,134	1,253,385
Other	0	92,359	92,359
Support Services:			
Pupil	674,758	260,745	935,503
Instructional Staff	746,414	171,397	917,811
General Administration	18,797	0	18,797
School Administration	974,741	83,845	1,058,586
Fiscal	454,151	0	454,151
Operations and Maintenance	1,134,743	50,487	1,185,230
Pupil Transportation	402,435	0	402,435
Central	163,798	2,012	165,810
Operation of Non-Instructional Services	0	1,130,695	1,130,695
Extracurricular Activities	127,193	47,662	174,855
Debt Service:			
Principal Retirement	0	103,000	103,000
Interest and Fiscal Charges	21,356	68,881	90,237
Total Expenditures	10,739,413	2,819,468	13,558,881
Excess of Revenues Over (Under) Expenditures	303,361	(146,784)	156,577
Other Financing Sources (Uses):			
Transfers In	156,356	699,773	856,129
Transfers (Out)	(698,154)	(157,975)	(856,129)
Total Other Financing Sources (Uses)	(541,798)	541,798	0
Net Change in Fund Balance	(238,437)	395,014	156,577
Fund Balance Beginning of Year	3,421,082	731,130	4,152,212
Fund Balance End of Year	$3,182,645	$1,126,144	$4,308,789

See accompanying notes to the Basic Financial Statements.

St. Bernard-Elmwood Place City School District
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2009

Net Change in Fund Balance - Total Governmental Funds		$156,577
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital asset additions 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 of the difference between capital asset additions and depreciation in the current period.		
Capital assets used in governmental activities	86,814	
Depreciation Expense	(319,952)	
		(233,138)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent Property Taxes	57,072	
Intergovernmental	56,463	
		113,535
Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		103,000
In the statement of activities interest expense is accrued when incurred, whereas in governmental funds an interest expenditure is reported when due.		957
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences		5,043
Change in Net Assets of Governmental Activities		$145,974

See accompanying notes to the Basic Financial Statements.

St. Bernard-Elmwood Place City School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

	Private Purpose Trust	Agency
Assets:		
Equity in Pooled Cash and Investments	$212,967	$2,331
Receivables:		
Accounts	212	107
Total Assets	213,179	2,438
Liabilities:		
Accounts Payable	8	2,438
Total Liabilities	8	$2,438
Net Assets:		
Held in Trust	213,171	
Total Net Assets	$213,171	

See accompanying notes to the Basic Financial Statements.

St. Bernard-Elmwood Place City School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Fiscal Year Ended June 30, 2009

	Private Purpose Trust
Additions:	
Donations	$23,401
Total Additions	23,401
Deductions:	
Scholarships	1,964
Total Deductions	1,964
Change in Net Assets	21,437
Net Assets Beginning of Year	191,734
Net Assets End of Year	$213,171

See accompanying notes to the Basic Financial Statements.

NOTE 1 – DESCRIPTION OF THE DISTRICT

The St. Bernard-Elmwood Place City School District (the District) was chartered by the Ohio State Legislature in 1968. Prior to 1968, Elmwood Place and St. Bernard were separate school districts. Today, the District operates under current standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 and Section 119.01 of the Ohio Revised Code.

The District operates under a locally elected five member Board form of government and provides educational services as authorized by its charter or further mandated by state and/or federal agencies.

The District is the fifth smallest in Hamilton County in terms of enrollment. It currently operates two elementary schools (grades preschool-6 and grades K-6), and one junior/senior high school (grades 7-12).

REPORTING ENTITY

In accordance with Governmental Accounting Standards Board (GASB) Statement 14, the reporting entity is comprised of the primary government, which consists of all funds, departments, boards, and agencies that are not legally separate from the District. This includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. The District has no component units.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the 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 most significant of the District's accounting policies are described below.

MEASUREMENT FOCUS

Government-wide Financial Statements

The government-wide statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the statement of net assets. Fiduciary Funds are not included in entity-wide statements.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the 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 and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. 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 District.

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 reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The private purpose trust fund is reported using the economic resources measurement focus.

FUND ACCOUNTING

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are grouped into the categories governmental and fiduciary.

Governmental Funds

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

General Fund - The general fund is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Fiduciary Funds

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 District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Agency funds are custodian in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's has a student activity Agency fund which accounts for assets and liabilities generated by student managed activities. The District's only trust fund is a private purpose trust which accounts for scholarship programs for students.

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. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the 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 District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, included property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. 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 District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the 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 year end: property taxes available for advance, grants and interest.

Unearned Revenue

Unearned revenue represents amounts under the accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because such amounts have not yet been earned.

Deferred Revenue

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

Property taxes for which there is an enforceable legal claim as of June 30, 2009, but which were levied to finance fiscal year 2010 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 fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

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 the governmental funds.

EQUITY IN POOLED CASH AND INVESTMENTS

Cash received by the District is pooled for investment purposes. Interest in the pool is presented as "Equity in Pooled Cash and Investments" on the financial statements.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposits and repurchase agreements are reported at cost.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2009. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but does operate in a manner consistent with Rule2A7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2009.

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue during fiscal year 2009 amounted to $55,190 for the General Fund and $996 for Other Governmental Funds.

INVENTORY

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of food held for resale and consumable supplies.

CAPITAL ASSETS

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of five thousand dollars ($5,000). The 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 are depreciated, except land. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is allocated using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings and Improvements	10-50 years
Equipment	5-20 years

COMPENSATED ABSENCES

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for 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 District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time, when earned, for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences are recognized when due. The related liability is recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid.

The District's policies regarding compensated absences are determined by the state laws and/or negotiated agreements. In summary, the policies are as follows:

Vacation	Certified	Administrators	Non-Certificated
How earned	Not Eligible	1.75-2.25 days per month	10-21 days for each service year depending on length of service.
Maximum Accumulation	Not Applicable	Must use annually	Must use annually
Vested	Not Applicable	As Earned	As Earned
Termination Entitlement	Not Applicable	Paid upon Termination	Paid upon Termination
Sick Leave			
How Earned	1 1/4 days per month of employment (15 days per year)	1 1/4 days per month of employment (15 days per year)	1 1/4 days per month of employment (15 days per year)
Maximum Accumulation	260 days	Number of days in contract -- 275	Number of days in contract -- 215-260
Vested	As Earned	As Earned	As Earned
Termination Entitlement	Per Contract	Per Contract	Per Contract

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 District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Of the District's $799,923 in restricted net assets, none were restricted by enabling legislation.

INTERFUND ACTIVITY

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.

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column on the Statement of Net Assets.

As a general rule, the effect of interfund (internal) activity has been eliminated from the government-wide statement of activities. The interfund services provided and used are not eliminated in the process of consolidation.

FUND EQUITY

Reserved fund balances indicate a portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, inventory, and property tax advances. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The unreserved portion of fund equity, reflected for the Governmental Funds, is available for use within the specific purpose of those funds.

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.

INVESTMENT WITH FISCAL AGENT

Investment with Fiscal Agent in the permanent improvement fund represent equity in pooled cash and investments set aside for OASBO capital lease.

NOTE 3 – EQUITY IN POOLED CASH AND INVESTMENTS

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the financial statements as "Equity in Pooled Cash and Investments."

State statute requires the classification of monies held by the District into three categories:

Active Monies - Those monies required to be kept in a "cash" or "near cash" status for immediate use by the District. Such monies must by law be maintained either as cash in the District treasury, in depository accounts payable or withdrawable on demand.

Inactive Monies – Those monies not required for use within the current two year period of designated depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designated depositories, or as savings or deposit accounts, including, but not limited to passbook accounts.

Interim Monies – 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. Ohio law permits interim monies to be invested or deposited in the following securities:

(1) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.

(2) Bonds, notes, debentures, or other obligations or securities issued by any federal governmental agency.

(3) No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.

(4) Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit maturing not more than one year from date of deposit, or by savings or deposit accounts, including, but limited to, passbook accounts.

(5) Bonds and other obligations of the State of Ohio.

(6) The Ohio State Treasurer's investment pool (STAR Ohio).

(7) Commercial paper and banker's acceptances which meet the requirements established by Ohio Revised Code, Sec. 135.142.

(8) Under limited circumstances, corporate debt interests in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pledged securities. As of June 30, 2009, $3,657,673 of the District's bank balance of $4,157,673 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure repayment of all public monies deposited in the financial institution, provided that all times the total value of the securities so pledged is at least equal to 105% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

Investments

As of June 30, 2009, the District had the following investments:

	Fair Value	Weighted Average Maturity (Years)
Money Market Funds	$99,161	0.00
STAROhio	312,857	0.16
Total Fair Value	$412,018	
Portfolio Weighted Average Maturity		0.12

Interest rate risk - In accordance with the investment policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to three years.

Credit Risk – It is the District's policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have the highest credit quality rating issued by nationally recognized statistical rating organizations. Investments in Money Market Funds were rated AAA by Standard & Poor's and Fitch Ratings and Aaa by Moody's Investors Service. Investments in STAROhio were rated AAAm by Standards & Poor's.

Concentration of credit risk – The District's investment policy allows investments in Federal Agencies or Instrumentalities. The District has invested only in STAROhio and Money Market Funds.

Custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

NOTE 4 – PROPERTY TAXES

Real property taxes collected in 2009 were levied in April on the assessed values as of January 1, 2008, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. A re-evaluation of real property is required to be completed no less than every six years, with a statistical update every third year.

Tangible personal property tax is assessed on equipment and inventory held by businesses. Tangible property is assessed at 25 percent of true value (as defined). Each business is eligible to receive a $10,000 exemption in assessed value which was reimbursed by the State.

The tangible personal property tax will phase out over a four-year period starting with tax year 2006 and ending with no tax due in 2009. This phase-out applies to most businesses and includes furniture and fixtures, machinery and equipment and inventory. New manufacturing machinery and equipment first reportable on the 2006 and subsequent year returns is not subject to the personal property tax.

Real property taxes are payable annually or semi-annually. In 2009, if paid annually, payment was due by January 20th. If paid semi-annually, the first payment (at least 1/2 amount billed) was due January 20th with the remainder due on June 20th.

The County Auditor remits portions of the taxes collected to all taxing districts with periodic settlements of real and public utility property taxes in February and August and tangible personal property taxes in June and October. The District records billed but uncollected property taxes as receivables at their estimated net realizable value.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable at June 30, 2009. Delinquent property taxes collected within 60 days are included as a receivable and tax revenue as of June 30, 2009. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is available to finance current year operations. The receivable is, therefore, offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2009, was $1,638,000 for General Fund, and is recognized as revenue, with a corresponding reserve to fund balance since the Board did not appropriate these receivables for fiscal year 2009 operations.

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

The assessed values upon which the fiscal year 2009 taxes were collected are:

	Amount
Agricultural/Residential and Other Real Estate	$108,138,910
Public Utility Personal	7,113,520
Tangible Personal Property	16,095,410
Total	$131,347,840

NOTE 5 – RECEIVABLES

Receivables at June 30, 2009, consisted of taxes, accounts (rent and student fees), intergovernmental grants and interfund. 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.

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital Assets, not being depreciated:				
Land	$306,322	$0	$0	$306,322
Total Capital Assets, not being depreciated	306,322	0	0	306,322
Capital Assets, being depreciated:				
Buildings and Improvements	7,957,914	21,837	0	7,979,751
Equipment	998,906	64,977	0	1,063,883
Total Capital Assets, being depreciated:	8,956,820	86,814	0	9,043,634
Totals at Historical Cost	9,263,142	86,814	0	9,349,956
Less Accumulated Depreciation:				
Buildings and Improvements	5,325,832	253,236	0	5,579,068
Equipment	762,596	66,716	0	829,312
Total Accumulated Depreciation	6,088,428	319,952	0	6,408,380
Governmental Activities Capital Assets, Net	$3,174,714	($233,138)	$0	$2,941,576

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$197,505
Special	23,115
Support Services:	
Instructional Staff	2,101
School Administration	25,551
Operations and Maintenance	26,839
Pupil Transportation	23,013
Central	20,608
Operation of Non-Instructional Services	1,220
Total Depreciation Expense	$319,952

NOTE 7 – TAX ANTICIPATION NOTES PAYABLE

	Interest Rate	Beginning Balance	Issued	Retired	Ending Balance
Governmental Activities:					
2006 Tax Anticipation Note	4.25%	$570,000	$0	$135,000	$435,000

NOTE 8 – LONG-TERM LIABILITIES

	Beginning Balance	Issued	Retired	Ending Balance	Due In One Year
Governmental Activities:					
Capital Lease	$1,437,000	$0	$103,000	$1,334,000	$108,000
Compensated Absences	1,096,064	174,415	52,011	1,218,468	235,328
Total Governmental Activities	$2,533,064	$174,415	$155,011	$2,552,468	$343,328

The capital lease will be paid from the debt service fund. Compensated absences will be paid from the fund from which the person is paid.

NOTE 9 – CAPITAL LEASES – LESSEE DISCLOSURE

The capital lease proceeds were recorded in the Permanent Improvement Fund relates to the installation of an HVAC system in the District. The District is leasing the project from the Columbus Regional Airport Authority. Columbus Regional Airport Authority will retain title to the project during the lease term. Columbus Regional Airport Authority assigned National City Bank as trustee. National City Bank deposited $1,808,000 in the District's name with a fiscal agent for the construction of the project. This amount is reported as Investment with Fiscal Agent on the Statement of Net Assets. Amounts will be paid to contractors by the District as the work progresses. The District will then submit invoices to the agent for reimbursement. The District made an interest payment to National City Bank. The lease is renewable annually and expires in 2019. The intention of the District is to renew the lease annually.

The project construction was completed in prior years. The District began the project in fiscal year 2005. The District made $103,000 in principal payments for fiscal year 2009. The principal amount owed on the lease at year end is $1,334,000. The District has $98,164 of capital lease proceeds left to be drawn down.

The trustee entered into an Interest Rate Exchange Agreement with respect to the loan, locking in the rate at 4.73% plus an annual administrative fee. The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2009.

Fiscal Year Ending June 30	Long-Term Debt
2010	$171,781
2011	171,463
2012	170,875
2013	171,043
2014	169,943
2015-2019	845,073
Total Minimum Lease Payments	$1,700,178
Less: Amount Representing Interest (4.73%)	(354,866)
Less: Additional Program Cost Component	(11,312)
Present Value of Minimum Lease Payments	$1,334,000

Capital assets acquired under capital leases in accordance with Statement of Financial Accounting Standards No. 13 are as follows:

Equipment	$1,760,000

NOTE 10 - PENSION PLANS

SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

Plan Description

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits; annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per 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 can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under *Employers/Audit Resources.*

Funding Policy

Plan members are required to contribute 10% of their annual covered salary and District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care fund) of the System. For fiscal year ending June 30, 2009, the allocation to pension and death benefits is 9.09%. The remaining 4.91% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The District's contributions to SERS for the years ended June 30, 2009, 2008, and 2007 were $336,574, $333,969 and $376,545 respectively; 85% has been contributed for fiscal year 2009 and 100% for fiscal years 2008 and 2007.

STATE TEACHERS RETIREMENT SYSTEM OF OHIO

Plan Description

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement system. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution, or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof. Additional information or copies of STRS Ohio's *Comprehensive Annual Financial Report* can be requested by writing to STRS Ohio, 275 E. Broad Street, Columbus, OH 43215-3771, by calling toll-free 1-888-227-7877, or by visiting the STRS Ohio web site at www.strsoh.org.

Plan Options

New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5% of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

DB Plan Benefits

Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit," the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the "money-purchase benefit" calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits

Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. 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. Employer contributions into members' accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Combined Plan Benefits

Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying 1% of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

Eligible faculty of Ohio's public colleges and universities may choose to enroll in either STRS Ohio or an alternative retirement plan (ARP) offered by their employer. Employees have 120 days from their employment date to select a retirement plan.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3% of the original base amount for DB Plan participants.

The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalizations, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

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 members who die before retirement may qualify for survivor benefits. A death benefit of $1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to $2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Funding Policy

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2009, were 10% of covered payroll for members and 14% for employers. The District's contributions to STRS for the years ended June 30, 2009, 2008, and 2007 were $1,288,353, $1,295,352 and $1,324,973, respectively; 91% has been contributed for fiscal year 2009 and 100% for fiscal years 2008 and 2007.

NOTE 11 - POST EMPLOYMENT BENEFITS

SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

Plan Description

In addition to a cost-sharing multiple-employer defined benefit pension plan, the School Employees Retirement System of Ohio (SERS) administers two postemployment benefit plans.

Medicare Part B Plan

The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2009 was $96.40; SERS' reimbursement to retirees was $45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2009, the actuarially required allocation was .75%. District contributions for the year ended June 30, 2009, 2008 and 2007 were $18,031, $16,221 and $18,289, respectively, which equaled the required contributions each year.

Health Care Plan

ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. At June 30, 2009, the health care allocation was 4.16%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statues provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2009, the minimum compensation level was established at $35,800. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District contributions assigned to health care for the years ended June 30, 2009, 2008, and 2007 were $100,011, $79,198, and $91,985, respectively.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report.* The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under *Employers/Audit Resources.*

STATE TEACHERS RETIREMENT SYSTEM OF OHIO

Plan Description

STRS Ohio administers a pension plan that is comprised of: a Defined Benefit Plan; a self-directed Defined Contribution Plan and a Combined Plan that is a hybrid of the Defined Benefit and the Defined Contribution Plan.

Ohio law authorized STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

Pursuant to 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent *Comprehensive Annual Financial Report* by visiting www.strsoh.org or by requesting a copy by calling toll-free 1-888-227-7877.

Funding Policy

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contributions rate, 1% of covered payroll was allocated to post-employment health care for the year ended June 30, 2009, 2008 and 2007. The 14% employer contribution rate is the maximum rate established under Ohio law. The District contributions for the years ended June 30, 2009, 2008, and 2007 were $92,025, $92,525, and $94,641, respectively.

NOTE 12 – CONTINGENT LIABILITIES

GRANTS

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds.

However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District as of June 30, 2009.

LITIGATION

The District's attorney estimates that all other potential claims against the District not covered by insurance resulting from all other litigation would not materially affect the financial statements of the District.

NOTE 13 - JOINTLY GOVERNED ORGANIZATIONS

The Hamilton/Clermont Cooperative Association (H/CCA) is a jointly governed organization consisting of 31 school districts. The organization was formed for the purpose of applying modern technology, with the aid of computers and other electronic equipment, to administrative and instructional functions among member districts. Each of the governments of these schools supports H/CCA and shares in a percentage of the equity based on the resources provided. H/CCA is governed by a board of directors consisting of the superintendents or designees of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the board. Financial information can be obtained by writing to Hamilton/Clermont Cooperative Association, 7615 Harrison Avenue, Cincinnati, Ohio 45231-3107.

The Great Oaks Institute of Technology and Career Development, a jointly governed organization, is a distinct political subdivision of the State of Ohio which operates under the direction of a board consisting of a representative from each participating school district's elected board. That board possesses its own budgeting and taxing authority. The Great Oaks Institute of Technology and Career Development provides academic preparation and job training which lead to employment and/or further education upon graduation from high school. The District has no ongoing financial interest in or responsibility for the Vocational School. To obtain financial information write to the Great Oaks Institute of Technology and Career Development, 3254 East Kemper Road, Cincinnati, Ohio 45241-1581.

NOTE 14 – OSBA GROUP RATING PROGRAM

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

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of GatesMcDonald & Co. provides administrative, cost control and actuarial services to the GRP.

NOTE 15 – RISK MANAGEMENT

The 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. The District carries insurance coverage with the following companies:

Coverage	Company
Automobile	Ohio School Plan
Property	Ohio School Plan
General Liability	Ohio School Plan

Limits and deductible amounts for the above policies vary accordingly.

Coverage	Limits	Deductibles
Automobile	$2,000,000 each occurrence	$250 collision
Property	Covered for value of loss	$1,000 each loss
General Liability	$2,000,000 each occurrence $4,000,000 general aggregate	

The District pays the State of Ohio Bureau of Workers' Compensation System a premium based on a rate per $100 of salaries. This rate is calculated based on accident history and administrative costs.

There were no significant reductions in insurance coverage from the prior year. Also, there were no settlements that exceeded insurance coverage for the past three years.

The District participates in the Greater Cincinnati Insurance Consortium, an insurance purchasing pool. The District can obtain better coverage and/or lower premiums by purchasing health, dental, and life insurance benefits through the pool.

NOTE 16 – ACCOUNTABILITY

The following individual funds had a deficit in fund balance at year end:

Other Governmental Funds:	Deficit
Auxiliary Services	$2,324
Public Preschool	17,645
Disadvantaged Pupil Impact	6,694
SchoolNet Professional Development	1,462
Vocational Education Enhancement	1,916
Miscellaneous State Grants	5,098
Special Education	26,129
Title I	49,120
Uniform School Supply	1

The deficit in fund balance was primarily due to accruals in GAAP. The general fund is liable for any deficit in these funds and will provide operating transfers when cash is required not when accruals occur.

NOTE 17 – FUND BALANCE RESERVES FOR SET-ASIDES

The 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.

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

	Textbooks	Capital Acquisition
Set Aside Reserve Balance as of June 30, 2008	($241,005)	$0
Current Year Set Aside Requirements	156,052	156,052
Qualified Disbursements	(294,932)	(202,673)
Set Aside Reserve Balance as of June 30, 2009	($379,885)	($46,621)
Restricted Cash as of June 30, 2009	$0	$0
Carried Forward as of June 30, 2009	($379,885)	

Although the School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts for capital maintenance reserve to below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. Qualifying disbursements and current year offset for capital maintenance reserve during the year exceeded the required set-aside and reserve balance. Qualifying disbursements plus prior year carryover for textbook reserve during the year were $535,937, which exceeded the required set aside plus prior year carryover; $379,885 may be carried forward to use in future years.

NOTE 18 – INTERFUND TRANSACTIONS

Interfund transactions at June 30, 2009, consisted of the following interfund receivables, interfund payables, transfers in and transfers out:

	Interfund		Transfers	
	Receivable	Payable	In	Out
General Fund	$299,535	$0	$156,356	$698,154
Other Governmental Funds	0	299,535	699,773	157,975
Total All Funds	$299,535	$299,535	$856,129	$856,129

Interfund balances/transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate and to return money to the fund from which it was originally provided once a project is completed.

REQUIRED SUPPLEMENTARY INFORMATION

St. Bernard-Elmwood Place City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2009

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	$5,570,565	$5,730,124	$5,349,044	($381,080)
Tuition and Fees	52,676	54,185	50,581	(3,604)
Investment Earnings	57,476	59,122	55,190	(3,932)
Intergovernmental	5,223,787	5,373,413	5,016,056	(357,357)
Other Revenues	248,350	255,464	238,474	(16,990)
Total Revenues	11,152,854	11,472,308	10,709,345	(762,963)
Expenditures:				
Current:				
Instruction:				
Regular	4,658,886	4,913,282	4,805,959	107,323
Special	1,156,518	1,219,669	1,193,027	26,642
Support Services:				
Pupil	669,803	706,378	690,948	15,430
Instructional Staff	726,399	766,064	749,330	16,734
General Administration	18,276	19,274	18,853	421
School Administration	901,990	951,243	930,464	20,779
Fiscal	448,138	472,608	462,285	10,323
Operations and Maintenance	1,152,997	1,215,956	1,189,395	26,561
Pupil Transportation	373,280	393,663	385,064	8,599
Central	161,355	170,166	166,449	3,717
Extracurricular Activities	124,408	131,201	128,335	2,866
Debt Service:				
Interest and Fiscal Charges	20,877	22,017	21,536	481
Total Expenditures	10,412,927	10,981,521	10,741,645	239,876
Excess of Revenues Over (Under) Expenditures	739,927	490,787	(32,300)	(523,087)
Other Financing Sources (Uses):				
Advances In	581,765	598,428	558,630	(39,798)
Advances (Out)	(523,348)	(551,925)	(539,869)	12,056
Transfers In	22,428	23,070	21,536	(1,534)
Transfers (Out)	(678,701)	(715,762)	(700,127)	15,635
Total Other Financing Sources (Uses)	(597,856)	(646,189)	(659,830)	(13,641)
Net Change in Fund Balance	142,071	(155,402)	(692,130)	(536,728)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	3,101,194	3,101,194	3,101,194	0
Fund Balance End of Year	$3,243,265	$2,945,792	$2,409,064	($536,728)

See accompanying notes to the required supplementary information.

NOTE 1 – BUDGETARY PROCESS

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriations 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 amount 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 the level of control selected by the Board. The legal level of control has been established by the Board at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2009.

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

While the 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 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) 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 for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and expendable trust funds (GAAP basis).

4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance

	General
GAAP Basis	($238,437)
Revenue Accruals	(333,429)
Expenditure Accruals	22,556
Transfers In	(134,820)
Transfer (Out)	(1,973)
Advances In	558,630
Advances (Out)	(539,869)
Encumbrances	(24,788)
Budget Basis	($692,130)

St. Bernard-Elmwood Place City School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

Federal Grantor/Program Title	Pass-Through Entity Number	Federal CFDA Number	Federal Revenues	Federal Expenditures
U.S. Department of Agriculture:				
(Passed through Ohio Department of Education)				
Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	n/a	10.555	$ 36,811	36,811
Cash Assistance:				
School Breakfast Program	05PU-2009	10.553	51,782	51,782
National School Lunch Program	LLP4-2009	10.555	220,051	220,051
Cash Assistance Subtotal			271,833	271,833
Nutrition Cluster Total			308,644	308,644
Total U.S. Department of Agriculture			308,644	308,644
U.S. Department of Education:				
(Passed through Ohio Department of Education)				
Title I Grants to Local Educational Agencies	C1S1-2009	84.010	283,096	342,684
Special Education Cluster:				
Special Education - Grants to States	6BSF-2009	84.027	318,134	318,134
Safe and Drug-Free Schools and Communities	DRS1-2008	84.186	2,931	-
Safe and Drug-Free Schools and Communities	DRS1-2009	84.186	2,858	2,858
			5,789	2,858
State Grants for Innovative Programs	C2S1-2008	84.298	1,241	-
State Grants for Innovative Programs	C2S1-2009	84.298	4,028	3,658
			5,269	3,658
Education Technology State Grants	TJS1-2009	84.318	5,241	814
Improving Teacher Quality State Grants	TRS1-2008	84.367	6,304	1,768
Improving Teacher Quality State Grants	TRS1-2009	84.367	24,873	23,105
			31,177	24,873
Total U.S. Department of Education			648,706	693,021
U.S. Department of Health and Human Services:				
(Passed through Hamilton County Department of Job & Family Services)				
Temporary Assistance for Needy Families	n/a	93.558	90,437	74,749
Total U.S. Department of Health and Human Services			90,437	74,749
Total Federal Awards			$ 1,047,787	1,076,414

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

NOTE A - SIGNIFICANT ACCOUNTING POLICIES
The schedule of expenditures of federal awards is a summary of the activity of the School District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - FOOD DISTRIBUTION
Nonmonetary assistance is reported in the schedule at the entitlement value of the commodities received and disbursed.

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Education
St. Bernard-Elmwood Place City School District:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Bernard-Elmwood Place City School District ("School District") as of and for the year ended June 30, 2009, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 23, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we do not express an opinion 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 the normal course of 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 entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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 deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the School District in a separate letter dated December 23, 2009.

This report is intended solely for the information and use of the Board of Education, management, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than those specified parties.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
December 23, 2009

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

To the Board of Education
St. Bernard-Elmwood Place City School District:

Compliance

We have audited the compliance of St. Bernard-Elmwood Place City School District ("School District") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School District's management. 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 obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on 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 are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the School District 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 have a direct and material effect on 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.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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.

This report is intended solely for the information and use of the Board of Education, management, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than those specified parties.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
December 23, 2009

ST. BERNARD-ELMWOOD PLACE CITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	none
• Significant deficiency(ies) identified not considered to be material weaknesses?	none
Noncompliance material to financial statements noted?	none

Federal Awards

Internal Control over major programs:	
• Material weakness(es) identified?	none
• Significant deficiency(ies) identified not considered to be material weaknesses?	none
Type of auditors' report issued on compliance for major programs:	unqualified
Any audit findings that are required to be reported in accordance with 510(a) of Circular A-133?	none

Identification of major programs:

Special Education Cluster:
CFDA 84.027 – Special Education – Grants to States

CFDA 84.010 – Title I Program

Dollar threshold to distinguish between Type A and Type B Programs:	$300,000
Auditee qualified as low-risk auditee?	yes

Section II - Financial Statement Findings
None

Section III – Federal Award Findings and Questioned Costs
None

Section IV – Summary of Prior Audit Findings and Questioned Costs
None

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Education
St. Bernard-Elmwood Place City School District:

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

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether St. Bernard-Elmwood Place City School District (the District) has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on December 14, 2009.

2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):

(1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;

(2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;

(3) A procedure for reporting prohibited incidents;

(4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;

(5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the “Family Educational Rights and Privacy Act of 1974,” 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;

(6) A procedure for documenting any prohibited incident that is reported;

(7) A procedure for responding to and investigating any reported incident;

(8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;

(9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;

(10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

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

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

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
December 23, 2009

Mary Taylor, CPA
Auditor of State

ST. BERNARD-ELMWOOD PLACE CITY SCHOOL DISTRICT

HAMILTON 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
FEBRUARY 16, 2010

88 E. Broad St. / Fourth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us