



Mary Taylor, CPA
Auditor of State

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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GREENE COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Cedar Cliff Local School District
Greene County
P.O. Box 45
Cedarville, Ohio 45314

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cedar Cliff Local School District, Greene County, (the District), as of and for the years ended June 30, 2009 and 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Cedar Cliff Local School District, Greene County, as of June 30, 2009 and 2008, and the respective changes in financial position, thereof and the budgetary comparison for the General and for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 20 for Fiscal Year Ended June 30, 2009, the District restated its capital assets and net assets.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2010, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

Mary Taylor, CPA
Auditor of State

February 12, 2010

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED**

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

Financial Highlights

Key financial highlights for 2009 are as follows:

- In total, net assets increased \$329,846, which represents a 13.7 percent increase from 2008.
- General revenues accounted for \$6,021,410 in revenue or 89.7 percent of all revenues. Program specific revenues in the form of charges for services and operating grants, interest and contributions, accounted for \$692,469 or 10.3 percent of total revenues of \$6,713,879.
- Total assets of governmental activities increased by \$490,204 as cash and cash equivalents increased by \$422,795 and capital assets decreased by \$57,822.
- The School District had \$6,384,033 in expenses; only \$692,469 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and entitlements) were \$6,021,410.
- Among major funds, the general fund had \$6,004,995 in revenues and \$5,623,745 in expenditures. The general fund's balance increased \$367,275 from 2008.

Using this General Accepted Accounting Principles Report (GAAP)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Cedar Cliff Local School 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 School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non major funds presented in total in one column. In the case of Cedar Cliff Local School District, the general fund and the permanent improvement capital projects fund are the most significant funds.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2009?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the School District reports governmental activities. Governmental activities are the activities where most of the School District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 13. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and the permanent improvement capital projects fund.

Governmental Funds

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

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

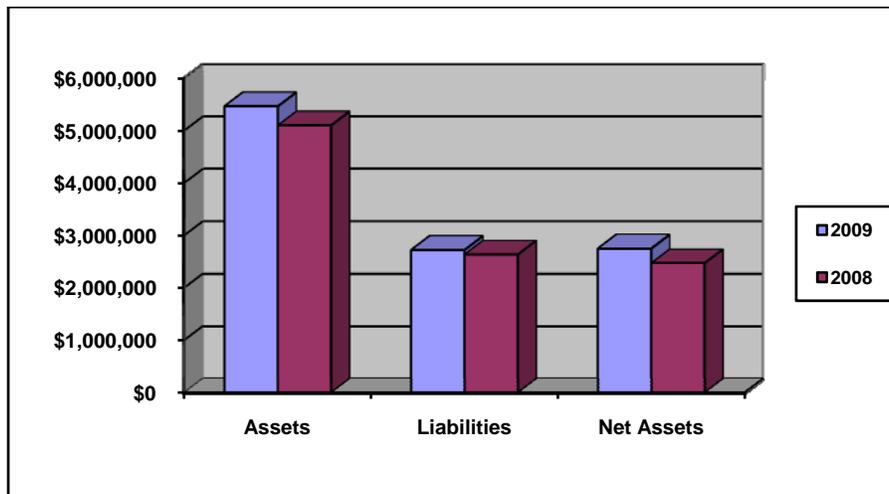
The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for 2009 compared to 2008 as restated:

**Table 1
Net Assets**

	2009	2008 (Restated)
Assets:		
Current and Other Assets	\$4,492,908	\$3,944,882
Capital Assets	965,161	1,022,983
Total Assets	5,458,069	4,967,865
Liabilities:		
Long-Term Liabilities	397,954	405,389
Other Liabilities	2,317,773	2,149,980
Total Liabilities	2,715,727	2,555,369
Net Assets:		
Invested in Capital Assets, Net of Related Debt	965,161	1,022,983
Restricted	124,494	91,851
Unrestricted	1,652,687	1,297,662
Total Net Assets	\$2,742,342	\$2,412,496



As can be seen by the above table and graph, the assets of the School District are larger than the liabilities of the School District. During fiscal year 2009, total assets of governmental activities increased by \$490,204 as cash and cash equivalents increased by \$422,795 and capital assets decreased by \$57,822. Unrestricted net assets, the part of net assets that can be used to finance day-to-day activities without constraints established by grants or legal requirements, of the School District increased by \$355,025.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

Table 2 shows the changes in net assets from fiscal year 2008 to fiscal year 2009:

**Table 2
Changes in Net Assets**

	2009	2008
Revenues;		
Program Revenues:		
Charges for Services	\$ 442,453	\$ 404,414
Operating Grants, Interest and Contributions	250,016	302,978
Total Program Revenues	692,469	707,392
General Revenues:		
Property Taxes	2,012,219	1,865,639
Income Tax	768,468	795,169
Grants and Entitlements	3,182,216	3,118,544
Gifts and Donations	350	6,000
Investment Earnings	19,633	69,233
Other	38,524	35,544
Total General Revenues	6,021,410	5,890,129
Total Revenues	6,713,879	6,597,521
Program Expenses:		
Instruction	3,380,338	3,300,072
Support Services:		
Pupils and Instructional Staff	826,923	839,290
Board of Education, Administration, Fiscal and Business	906,940	914,310
Operation and Maintenance of Plant	576,009	479,206
Pupil Transportation	270,067	277,417
Central	17,555	18,176
Operation of Non-Instructional Services	168,870	181,699
Extracurricular Activities	237,331	222,044
Total Expenses	6,384,033	6,232,214
Increase in Net Assets	329,846	365,307
Beginning Net Assets (Restated for FY 2009)	2,412,496	3,120,436
Ending Net Assets	\$2,742,342	\$3,485,743

Governmental Activities

The unique nature of taxes in Ohio creates the need to routinely seek voter approval for the School District operations. Property taxes and income taxes made up 41.4 percent of revenues for governmental activities for the Cedar Cliff Local School District for fiscal year 2009.

Instruction comprises 52.9 percent of the School District expenses. Support services expenses make up 40.9 percent of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows 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. A comparative analysis of district-wide data from fiscal year 2008 to fiscal year 2009 is being presented, as follows:

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

**Table 3
Cost of Services**

	Total Cost of Services 2009	Net Cost of Services 2009	Total Cost of Services 2008	Net Cost of Services 2008
Instruction	\$3,380,338	\$3,087,727	\$3,300,072	\$3,025,316
Support Services:				
Pupils and Instructional Staff	826,923	647,809	839,290	653,137
Board of Education, Administration and Fiscal	906,940	906,940	914,310	914,310
Operation and Maintenance of Plant	576,009	576,009	479,206	479,206
Pupil Transportation	270,067	270,067	277,417	277,417
Central	17,555	6,555	18,176	7,176
Operation of Non-Instructional Services	168,870	24,988	181,699	20,321
Extracurricular Activities	237,331	171,469	222,044	147,939
Total Expenses	\$6,384,033	\$5,691,564	\$6,232,214	\$5,524,822

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to pupils.

Board of education, administration, fiscal and business includes expenses associated with administrative and financial supervision of the School District.

Operation and maintenance of plant activities involve keeping the school grounds, buildings, and equipment in an effective working condition.

Central includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Operation of non-instructional services includes the preparation, delivery, and servicing of lunches, snacks and other incidental meals to students and school staff in connection with school activities.

Extracurricular activities includes expense related to student activities provided by the School District which are designed to provide opportunities for pupils to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

The dependence upon tax revenues is apparent. Almost 91.34 percent of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 89.15 percent. The community, as a whole, is the primary support for the Cedar Cliff Local School District.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

The School District's Funds

Information about the School District's major funds starts on page 13. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$6,727,743 and expenditures of \$6,331,731. The net change in fund balance for the year for all funds increased by \$399,037.

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

During the course of the fiscal year 2009, the School District amended its general fund budget several times. The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, the final budget basis revenue and other financing sources estimate was \$5,932,578. The original budgeted estimate was \$5,811,826.

During fiscal year 2009, the School District budgeted \$1,705,043 in property and other taxes, and it actually received \$1,764,995.

Capital Assets

During fiscal year 2009, the School District had an appraisal company come in to do an inventory of all capital assets. Due to this appraisal, a restatement was needed to adjust the capital assets to the correct values as of 7/1/09. At the end of the fiscal year 2009, the School District had \$965,161 invested in land, land improvements, buildings and improvements, furniture and equipment, vehicles and educational media.

Table 4 shows fiscal 2009 balances compared to 2008 as restated:

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

	<u>2009</u>	<u>2008 (restated)</u>
Land	\$122,820	\$ 122,820
Land Improvements	9,144	13,065
Buildings and Improvements	258,531	279,141
Furniture and Equipment	317,104	372,089
Vehicles	223,062	185,459
Educational Media	34,500	50,409
Totals	<u>\$965,161</u>	<u>\$1,022,983</u>

Overall capital assets decreased \$57,822 from fiscal year 2008 (restated) to fiscal year 2009.

For more information on capital assets, see Note 9 of the Basic Financial Statements.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

Current Financial Issues and Concerns

The Cedar Cliff Local School District is financially stable. The School District is proud of its community support. The voters passed a renewal of the Permanent Improvement Levy in November 2008. The biennium budget of the State for fiscal years 2006-2007 basically gave the School District no increase in state funding for the two years. This coupled with the fact that the past year also showed little increase and the income tax revenue had been declining for several years made it necessary to seek additional dollars from the voters in order to avoid a deficit in fiscal year 2008. The School District had not gone back to the voters for additional operating expenses since 1990. The voters did approve a 4.0 mill five-year operating levy in November of 2006. We are very fortunate to have our community so supportive of our schools. The problem with the state funding has not improved in 08 or 09 and the Board will have to make a decision as to renew or replace this emergency levy. The picture looks grim for the FY10-11 biennium too as both the State and Federal governments are struggling with deficits. The School District has asked the voters for money only when absolutely needed, and the voters have never failed an operating levy. The School District has no debt as of June 30, 2009. However, the Board did put on a combination 8.5 mills plus .25% income tax bond issue for 28 years in partnership with OSFC. The School District's share is 48% and the state's share is 52% of the total cost of the approved project with the School District also picking up the costs of the Local Funded Indicatives. The voters approved the issue in November, 2009.

The administration and Board of Education continue to focus their efforts to make improvements in the area of curriculum and many strategies have been implemented through the School District's Continuous Improvement Plan. The School District continues to encourage faculty through grade/subject level meetings to align curriculum with the new State standards. The administration and Board of Education provide funds to encourage faculty and staff to continually be involved in professional development. The Cedar Cliff Local School District has been designated "An Excellent School" on the State's Annual Report Card of Schools for the years 2005, 2006, 2007, and 2009.

In comparison to other school districts in the State, the School District would not be considered a school district of low wealth. The School District's growth in State revenue is dependent on per pupil amount, enrollment, and property wealth. The School District is no longer considered a formula district and has seen that source of revenue placed "on the guarantee". That means that the state will provide the same amount of dollars as the previous fiscal year. However, the State because of tough economic times has lowered the "guarantee" to 99% in the 2010 and 98% in 2011.

The School District is located in a rural setting within a small village; therefore, the burden of property tax is with the taxpayers and not business tax. The School District is concerned for the next few years about the financial problems facing the State which will have an effect on school funding. This uncertainty requires management to plan carefully and prudently to ensure the resources needed to continue the level of excellence in educating its students. Just as the country, state, and village are facing tremendous loss of revenue due to the financial crisis of our country, so is the School District. As individuals lose jobs, homes are foreclosed, and interest earnings become losses, the School District will continue to monitor the impact on its revenue. Every source of revenue will be affected by this economic downturn. It will be important to maintain as large a carryover as possible to offset the probable decline in revenue.

Parents have many options in choosing an education for their children. By doing so, the School District has lost revenue by those choosing to go open enrollment to other districts, home-schooled, or to a community school. To counteract some of these losses, the Board of Education voted to permit "Open Enrollment" to Cedar Cliff District depending on availability within the grade levels. The intent was to fill classes to a certain number based on what is best for students and then close that class.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

In conclusion, the Cedar Cliff Local School District has committed itself to financial excellence for many years. In addition, the School District's system of financial planning, budgeting, and internal financial controls are well regarded. However, since the School District is dependent for over half of its revenue from state and federal sources, it will need to pay close attention and be involved in what is happening at the federal, state, and local level. The School District plans to continue its sound fiscal management to meet the challenges of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Joy Kitzmiller, Treasurer at Cedar Cliff Local School District, Post Office Box 45, Cedarville, Ohio 45314 or email at jkitzmiller@mveca.org.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**STATEMENT OF NET ASSETS
JUNE 30, 2009**

	Governmental Activities
Assets:	
Cash and Cash Equivalents	\$2,300,452
Cash and Cash Equivalents with Fiscal Agents	26
Inventory of Supplies and Materials	4,375
Accrued Interest Receivable	1,129
Accounts Receivable	28,274
Intergovernmental Receivable	20,895
Prepaid Items	3,779
Income Tax Receivable	289,322
Property Taxes Receivable	1,844,656
Depreciable Capital Assets, Net	842,341
Land	122,820
Total Assets	5,458,069
 Liabilities:	
Accounts Payable	7,350
Accrued Wages and Benefits Payable	426,666
Intergovernmental Payable	161,824
Accrued Vacation Leave Payable	29,059
Compensated Absences Payable	216
Unearned Revenue	1,692,658
Long Term Liabilities:	
Due Within One Year	14,924
Due In More Than One Year	383,030
Total Liabilities	2,715,727
 Net Assets:	
Invested in Capital Assets, Net of Related Debt	965,161
Restricted for:	
Special Revenue	
Capital Projects	122,897
Other Purposes	1,597
Unrestricted	1,652,687
Total Net Assets	\$2,742,342

See accompanying notes to the basic financial statements.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants, Interest and Contributions</u>	<u>Total Governmental Activities</u>
Governmental Activities:				
Instruction:				
Regular	\$2,489,102	\$213,090	\$29,749	(\$2,246,263)
Special	506,659		49,772	(456,887)
Vocational	1,388			(1,388)
Other	383,189			(383,189)
Support Services:				
Pupils	472,323	57,335	3,629	(411,359)
Instructional Staff	354,600		118,150	(236,450)
Board of Education	36,826			(36,826)
Administration	603,005			(603,005)
Fiscal	267,109			(267,109)
Operation and Maintenance of Plant	576,009			(576,009)
Pupil Transportation	270,067			(270,067)
Central	17,555		11,000	(6,555)
Operation of Non-Instructional Services	168,870	108,041	35,841	(24,988)
Extracurricular Activities	237,331	63,987	1,875	(171,469)
Total Governmental Activities	<u>\$6,384,033</u>	<u>\$442,453</u>	<u>\$250,016</u>	<u>(5,691,564)</u>
General Revenues:				
Property Taxes Levied for:				
				1,812,578
General Purposes				199,641
Capital Outlay				768,468
Income Taxes Levied for General Purposes				3,182,216
Grants and Entitlements not Restricted to Specific Programs				350
Gifts and Donations				19,633
Investment Earnings				38,524
Miscellaneous				<u>6,021,410</u>
Total General Revenues				
Change in Net Assets				329,846
Net Assets Beginning of Year - Restated (See Note 20)				<u>2,412,496</u>
Net Assets End of Year				<u>\$2,742,342</u>

See accompanying notes to the basic financial statements.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009**

	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and Cash Equivalents	\$2,072,148	\$183,750	\$44,554	\$2,300,452
Cash and Cash Equivalents with Fiscal Agents			26	26
Receivables:				
Property Taxes	1,671,724	172,932		1,844,656
Income Taxes	289,322			289,322
Accrued Interest	1,129			1,129
Accounts	28,274			28,274
Intergovernmental			20,895	20,895
Interfund	75,000			75,000
Inventory of Supplies and Materials	3,020		1,355	4,375
Prepaid Items	3,348		431	3,779
Total Assets	<u>4,143,965</u>	<u>356,682</u>	<u>67,261</u>	<u>4,567,908</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	6,642	708		7,350
Accrued Wages and Benefits Payable	394,166		32,500	426,666
Interfund Payable		75,000		75,000
Intergovernmental Payable	144,036		17,788	161,824
Deferred Revenue	1,579,034	162,063	2,916	1,744,013
Compensated Absences Payable	216			216
Total Liabilities	<u>2,124,094</u>	<u>237,771</u>	<u>53,204</u>	<u>2,415,069</u>
Fund Balances:				
Reserved for Encumbrances	56,864	160,227	13	217,104
Reserved for Property Taxes	100,344	10,869		111,213
Designated for Budget Stabilization	59,951			59,951
Unreserved, Undesignated (Deficit), Reported in:				
General Fund	1,802,712			1,802,712
Special Revenue Funds			14,044	14,044
Capital Projects Funds		(52,185)		(52,185)
Total Fund Balances	<u>2,019,871</u>	<u>118,911</u>	<u>14,057</u>	<u>2,152,839</u>
Total Liabilities and Fund Balances	<u>\$4,143,965</u>	<u>\$356,682</u>	<u>\$67,261</u>	<u>\$4,567,908</u>

See accompanying notes to the basic financial statements.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2009**

Total Governmental Fund Balance		\$2,152,839
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets</p>		
Land	\$122,820	
Land Improvements	245,701	
Building and Improvements	1,832,212	
Furniture, Fixtures and Equipment	1,170,939	
Vehicles	553,787	
Educational Media	119,614	
Accumulated Depreciation	<u>(3,079,912)</u>	
Total Capital Assets		965,161
<p>Other long-term assets are not available to pay for the current period's expenditures and therefore are deferred in the funds.</p>		
Property Taxes Receivable	40,785	
Accounts Receivable	7,654	
Intergovernmental Receivable	<u>2,916</u>	
		51,355
<p>Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:</p>		
Accrued Vacation Leave Payable	(29,059)	
Compensated Absences Payable	<u>(397,954)</u>	
Total Liabilities		<u>(427,013)</u>
Net Assets of Governmental Activities		<u><u>\$2,742,342</u></u>

See accompanying notes to the basic financial statements.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property and Other Taxes	\$1,799,603	\$198,480		\$1,998,083
Income Tax	789,628			789,628
Tuition and Fees	210,911			210,911
Interest	19,633			19,633
Intergovernmental	3,149,371	32,845	\$256,556	3,438,772
Extracurricular Activities			121,322	121,322
Charges for Services			108,041	108,041
Gifts and Donations	350		5,504	5,854
Rent	2,700			2,700
Miscellaneous	32,799			32,799
Total Revenues	<u>6,004,995</u>	<u>231,325</u>	<u>491,423</u>	<u>6,727,743</u>
Expenditures:				
Current:				
Instruction:				
Regular	2,336,253	49,795	29,571	2,415,619
Special	443,818		68,828	512,646
Vocational	5,459			5,459
Other	383,189			383,189
Support Services:				
Pupils	420,805		61,119	481,924
Instructional Staff	227,686	4,558	123,745	355,989
Board of Education	36,254			36,254
Administration	579,431	4,272		583,703
Fiscal	262,031	2,487		264,518
Operation and Maintenance of Plant	518,954	16,711		535,665
Pupil Transportation	235,253	71,871		307,124
Central	4,488		13,067	17,555
Operation of Non-Instructional Services			163,616	163,616
Extracurricular Activities	170,124		65,473	235,597
Capital Outlay		32,873		32,873
Total Expenditures	<u>5,623,745</u>	<u>182,567</u>	<u>525,419</u>	<u>6,331,731</u>
Excess of Revenues Over (Under) Expenditures	<u>381,250</u>	<u>48,758</u>	<u>(33,996)</u>	<u>396,012</u>
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	3,025			3,025
Transfers - In			17,000	17,000
Transfers - Out	(17,000)			(17,000)
Total Other Financing Sources (Uses)	<u>(13,975)</u>		<u>17,000</u>	<u>3,025</u>
Net Change in Fund Balances	367,275	48,758	(16,996)	399,037
Fund Balances at Beginning of Year	<u>1,652,596</u>	<u>70,153</u>	<u>31,053</u>	<u>1,753,802</u>
Fund Balances at End of Year	<u>\$2,019,871</u>	<u>\$118,911</u>	<u>\$14,057</u>	<u>\$2,152,839</u>

See accompanying notes to the basic financial statements.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Net Change in Fund Balances - Total Governmental Funds \$399,037

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

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital Outlay	\$90,786	
Current Year Depreciation	(142,772)	
Loss on Disposal of Capital Assets	<u>(5,836)</u>	
		(57,822)

Some revenues that will not be collected for several months after the School District's fiscal year ends are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues increased by this amount this year.

Property Taxes	14,136	
Income Taxes	(21,160)	
Accounts	2,179	
Intergovernmental	<u>(12,044)</u>	
		(16,889)

Some items 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. These activities consist of:

Accrued Vacation Leave Payable	(29,059)	
Compensated Absences Payable	<u>34,579</u>	
		<u>5,520</u>

Change in Net Assets of Governmental Activities \$329,846

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:				
Property and Other Taxes	\$1,736,744	\$1,705,043	\$1,764,995	\$59,952
Income Tax	805,539	806,148	806,148	
Tuition and Fees	149,000	210,695	210,994	299
Interest		20,145	20,614	469
Intergovernmental	3,101,543	3,149,371	3,149,371	
Gifts and Donations	2,000	350	350	
Rent	500	2,700	2,700	
Miscellaneous	15,000	15,515	15,534	19
Total Revenues	<u>5,810,326</u>	<u>5,909,967</u>	<u>5,970,706</u>	<u>60,739</u>
Expenditures:				
Current:				
Instruction:				
Regular	2,395,924	2,394,967	2,335,444	59,523
Special	446,226	445,388	436,613	8,775
Vocational	4,500	6,049	6,008	41
Student Intervention	402,700	409,521	389,928	19,593
Support Services:				
Pupils	415,092	448,308	429,435	18,873
Instructional Staff	253,879	239,459	229,129	10,330
Board of Education	56,350	55,750	35,631	20,119
Administration	595,857	615,487	581,576	33,911
Fiscal	277,465	297,280	284,451	12,829
Business	2,200	2,200		2,200
Operation and Maintenance of Plant	588,528	555,019	529,613	25,406
Pupil Transportation	256,462	264,423	231,785	32,638
Central	19,486	9,486	4,488	4,998
Extracurricular Activities	175,913	177,855	170,801	7,054
Capital Outlay	1,000	1,000		1,000
Total Expenditures	<u>5,891,582</u>	<u>5,922,192</u>	<u>5,664,902</u>	<u>257,290</u>
Excess of Revenues Over (Under) Expenditures	(81,256)	(12,225)	305,804	318,029
Other Financing Sources (Uses):				
Refund of Prior Year Expenditures		19,586	19,586	
Refund of Prior Year Receipts		(2,481)	(2,481)	
Proceeds from Sale of Capital Assets	1,500	3,025	3,025	
Advances - Out		(75,000)	(75,000)	
Transfers - Out		(17,000)	(17,000)	
Total Other Financing Sources (Uses)	<u>1,500</u>	<u>(71,870)</u>	<u>(71,870)</u>	
Net Increase (Decrease) in Fund Balances	(79,756)	(84,095)	233,934	318,029
Fund Balances at Beginning of Year	1,722,649	1,722,649	1,722,649	
Prior Year Encumbrances Appropriated	52,756	52,756	52,756	
Fund Balances at End of Year	<u>\$1,695,649</u>	<u>\$1,691,310</u>	<u>\$2,009,339</u>	<u>\$318,029</u>

See accompanying notes to the basic financial statements.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009**

	Private Purpose Trust	
	Scholarship	Agency
Assets:		
Cash and Cash Equivalents	\$500	\$24,730
	500	24,730
Liabilities:		
Deposits Held and Due to Students		24,730
Total Liabilities		24,730
Net Assets:		
Held in Trust for Scholarships	\$500	

See accompanying notes to the basic financial statements.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Private Purpose Trust</u>
	<u>Scholarship</u>
Additions:	
Gifts and Donations	\$1,000
Deletions:	
Scholarships Awarded	<u>1,000</u>
Change in Net Assets	
Net Assets Beginning of Year	<u>500</u>
Net Assets End of Year	<u><u>\$500</u></u>

See accompanying notes to the basic financial statements.

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**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District serves an area of approximately 49 square miles. It is staffed by 27 non-certified employees, 44 certified full time teaching personnel, including 4 administrators, who provide services to 677 students and other community members. The School District currently operates one instructional/support facility.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Cedar Cliff Local School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District does not have any component units.

The School District is associated with four jointly governed organizations and one insurance purchasing pool. These organizations are discussed in Note 15 and 16 to the basic financial statements. These organizations are:

Jointly Governed Organizations:

- Miami Valley Educational Computer Association (MVECA)
- Southwestern Ohio Educational Purchasing Cooperative (SOEPC)
- Southwestern Ohio Instructional Technology Association (SOITA)
- Greene County Career Center

Insurance Purchasing Pool:

- Southwestern Ohio Educational Purchasing Cooperative's Workers' Compensation Group Rating Program (GRP)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Cedar Cliff Local School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation

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

1. Government-wide Financial Statements:

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The government-wide statements usually distinguish between those activities that are governmental and those that are business-type. The School District, however, has no activities which are reported as business-type. The government-wide statements also exclude fiduciary funds.

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

2. Fund Financial Statements:

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

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The School District divides its funds into two categories: governmental and fiduciary.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Governmental Funds:

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

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

Permanent Improvement Fund – The permanent improvement capital projects fund accounts for a property tax levy to be used for the acquisition, construction, or improvement of capital facilities other than those financed by the private purpose trust fund.

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

2. Fiduciary Fund Types:

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. The School District's only trust fund is a private purpose trust which accounts for various college scholarship programs for students. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The student managed activities agency fund accounts for those student activity programs which have student participation in the activity and have students involved in the management of the program. This fund typically includes those student activities which consist of a student body, student president, student treasurer, and faculty advisor.

C. Measurement Focus

1. Government-wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the School District are included on the Statement on Net Assets. The Statement of Activities accounts for increases (i.e. revenues) and decreases (i.e. expenses) in total net assets.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. 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.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. 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.

1. 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. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include 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 (See Note 6). 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 fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, income tax, tuition, student fees, interest, grants, charges for services, gifts and donations and rent.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. 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 from other school districts 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.

3. Expenses/Expenditures:

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. Allocation of costs, such as depreciation and amortization are not recognized in governmental funds.

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

E. Budgetary Data

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

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

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

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "cash and cash equivalents." During fiscal year 2009, the School District did not have any investments outstanding other than a money market account.

The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2009 amounted to \$19,633, which includes \$3,101 assigned from other funds.

G. Interfund Assets/Liabilities

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables" and "interfund payables." These amounts are eliminated in the governmental activities column of the statement of net assets.

H. Inventory of Supplies and Materials

Inventories are presented at cost on a first-in, first-out basis and are expended when used. Inventory consists of expendable supplies held for consumption and purchased foods held for resale.

I. Capital Assets and Depreciation

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$1,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	20 years
Buildings	99 years
Building Improvements	20 years
Furniture, Fixtures and Equipment	5-20 years
Vehicles	10-20 years
Educational Media	6-15 years

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Accrued Liabilities and Long-Term Obligations

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

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

K. 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 School District will compensate the employees for the benefits through paid time off or some other means. The School 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 liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for employees after ten years of current service with the School District.

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

On governmental fund financial statements, compensated absences are reported as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Compensated Absences Payable" in the funds from which the employees will be paid.

L. Interfund Transactions

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures 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 to the funds that initially paid for them are not presented on the financial statements.

M. Fund Balance Reserves

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Net Assets

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

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

O. Estimates

The preparation of the 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.

3 ACCOUNTABILITY

At June 30, 2009, the food service, IDEA, Part B and Title I special revenue funds had deficit fund balances of \$10,509, \$5,375 and \$5,111, respectively. The general fund provides transfers to cover the deficit balances; however, this is done when cash is needed rather than when accruals occur.

4. BUDGETARY BASIS OF ACCOUNTING

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

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

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

5. Unrecorded cash represents amounts received but not included as revenue on the budget basis operating statement. These amounts are included as revenue on the GAAP basis operating statements.

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

<u>Net Change in Fund Balance</u>	
GAAP Basis	\$367,275
Net Adjustment for Revenue Accruals	(14,703)
Net Adjustment for Expenditure Accruals	19,182
Advances	(75,000)
Adjustment for Encumbrances	(62,820)
Budget Basis	<u>\$233,934</u>

5. DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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

Cash on Hand: At fiscal year end, the School District had \$50 in un-deposited cash in hand which is included on the balance sheet of the School District as part of "cash and cash equivalents."

The "cash with fiscal agents" of \$26 shown in the other governmental non-major funds is maintained by the Greene County Educational Service Center.

A. Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year-end, \$365,371 of the School District's bank balance of \$865,371 was exposed to custodial credit risk because it was uninsured and collateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

B. Investments

At June 30, 2009, the School District's investments consisted of a money market account valued at \$1,502,660.

Interest Rate Risk: The District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk: The District's investment policy limits investments to those authorized by State statute.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's investment in the money market mutual funds are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the School District's name. The School District's investment policy does not address investment custodial risk beyond the requirement the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

6. PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the school district. Real property tax revenue received in calendar 2009 represents collections of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed value listed as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2009 represents collections of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien December 31, 2007, were levied after April 1, 2008 and are collected in 2009 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

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

The School District receives property taxes from Greene County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2009, are available to finance fiscal year 2010 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

6. PROPERTY TAXES (Continued)

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2009 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2009, was \$100,344 in the general fund and \$10,869 in the permanent improvement capital projects fund.

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

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

	2008 Second Half Collections		2009 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$72,410,960	92.77%	\$81,320,220	93.96%
Tangible Personal Property	5,638,844	7.23%	5,225,682	6.04%
Total Assessed Value	<u>\$78,049,804</u>	<u>100.00%</u>	<u>\$86,545,902</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$39.35		\$38.85	

7. INCOME TAX

The School District levies a voted tax of one percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1991, and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue in the amount of \$789,628 was credited to the general fund during fiscal year 2009.

8. RECEIVABLES

Receivables at June 30, 2009, consisted of property and income taxes, accounts (rent, billings for user charged services, and student fees), intergovernmental grants, and interfund. A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities</u>	<u>Amounts</u>
Non-major Funds:	
IDEA, Part B	\$ 8,512
Title I	8,602
Title IIA	<u>3,781</u>
Total Intergovernmental Receivables	<u><u>\$20,895</u></u>

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

9. CAPITAL ASSETS

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

	<u>Assets 6/30/2008</u>	<u>Prior Period Adjustments</u>	<u>Assets Restated 7/1/2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Assets 6/30/2009</u>
Capital Assets, not Being Depreciated:						
Land	\$ 122,820		\$ 122,820			\$ 122,820
Construction in Progress	3,545	(\$ 3,545)				
Total Capital Assets, not Being Depreciated	<u>126,365</u>	<u>(3,545)</u>	<u>122,820</u>			<u>122,820</u>
Capital Assets, Being Depreciated:						
Land Improvements	52,303	193,398	245,701			245,701
Buildings and Improvements	2,436,625	(604,413)	1,832,212			1,832,212
Furniture, Fixtures and Equipment	766,683	398,405	1,165,088	\$12,130	(\$6,279)	1,170,939
Vehicles	537,536	(14,801)	522,735	78,656	(47,604)	553,787
Educational Media	9,552	110,062	119,614			119,614
Total Capital Assets, Being Depreciated	<u>3,802,699</u>	<u>82,651</u>	<u>3,885,350</u>	<u>90,786</u>	<u>(53,883)</u>	<u>3,922,253</u>
Less Accumulated Depreciation:						
Land Improvements	(24,638)	(207,998)	(232,636)	(3,921)		(236,557)
Buildings and Improvements	(1,066,609)	(486,462)	(1,553,071)	(20,610)		(1,573,681)
Furniture, Fixtures and Equipment	(547,256)	(245,743)	(792,999)	(66,039)	5,203	(853,835)
Vehicles	(186,818)	(150,458)	(337,276)	(36,293)	42,844	(330,725)
Educational Media	(7,513)	(61,692)	(69,205)	(15,909)		(85,114)
Total Accumulated Depreciation	<u>(1,832,834)</u>	<u>(1,152,353)</u>	<u>(2,985,187)</u>	<u>(142,772)</u>	<u>48,047</u>	<u>(3,079,912)</u>
Capital Assets, Being Depreciated, Net	<u>1,969,865</u>	<u>(1,069,702)</u>	<u>900,163</u>	<u>(51,986)</u>	<u>(5,836)</u>	<u>842,341</u>
Governmental Activities Capital Assets, Net	<u>\$2,096,230</u>	<u>(\$1,073,247)</u>	<u>\$1,022,983</u>	<u>(\$51,986)</u>	<u>(\$5,836)</u>	<u>\$ 965,161</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 65,715
Vocational	45
Support Services:	
Pupils	526
Instructional Staff	1,580
Board of Education	572
Administration	24,008
Fiscal	1,655
Operation and Maintenance of Plant	5,244
Pupil Transportation	37,082
Extracurricular Activities	1,734
Operation of Non-Instructional Services	4,611
Total Depreciation Expense	<u>\$142,772</u>

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

10. RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2009, the School District contracted with Ohio Casualty Insurance Company for property, fleet insurance, liability insurance and inland coverage.

Coverage provided by Indiana Insurance is as follows:

Building and Contents – replacement cost (\$1,000 deductible)	\$17,389,027
Inland Marine Coverage (\$250/\$500 deductible)	351,569
Boiler and Machinery (\$1,000 deductible)	17,389,027
Monies and Securities	10,000
Automobile Liability	1,000,000
Uninsured Motorists	1,000,000
General Liability Per Occurrence	1,000,000
Aggregate	2,000,000
Umbrella	3,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant change in coverage from prior years.

B. Workers' Compensation

For fiscal year 2009, the School District participated in the Southwestern Ohio Educational Purchasing Cooperative's Workers' Compensation Group Rating Program (GRP), a workers' compensation insurance purchasing pool (Note 16). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the 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 Integrated Comp Incorporated provides administrative, cost control and actuarial services to the GRP.

11. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under Employers/Audit Resources.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

11. DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 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 the 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 for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$87,924, \$69,007, and \$79,493, respectively, which equaled the required contributions for each year.

B. State Teachers Retirement System

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

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

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

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

11. DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy - For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2008, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 were \$340,224, \$326,883, and \$326,967; 83.33 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2009, three members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid. The remaining members of the Board are with SERS.

12. POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

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 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%. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$5,897, \$4,972 and \$5,727, 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, 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.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

12. POSTEMPLOYMENT BENEFITS (Continued)

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. Statutes 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's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$60,431, \$43,559 and \$40,459, respectively.

B. State Teachers Retirement System

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008 and 2007 were \$26,171, \$25,145 and \$25,151, respectively; 83.33 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

13. EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is not paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

13. EMPLOYEE BENEFITS (Continued)

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 232 days for classified staff and 236 days for certified staff. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 59 days for all certified employees and 58 days for classified employees.

B. Insurance Benefits

The School District provides life insurance, dental insurance, and accidental death and dismemberment insurance to most employees through CoreSource. Medical/surgical benefits are provided through United Health Care of Ohio. Vision insurance is provided through Vision Service Plan of Ohio.

14. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2009 were as follows:

	Amount Outstanding 6/30/08	Additions	Deductions	Amount Outstanding 6/30/09	Amounts Due in One Year
Compensated Absences	\$405,389	\$7,767	\$15,202	\$397,954	\$14,924

Compensated absences will be paid from the funds from which the employees' salaries are paid.

At June 30, 2009, the School District's overall legal debt limitation was \$7,774,895, and the unvoted debt margin was \$86,388.

15. JOINTLY GOVERNED ORGANIZATIONS

Miami Valley Educational Computer Association (MVECA) - The School District is a participant in MVECA, which is a computer consortium. MVECA is an association of public school districts within the geographic area determined by the Ohio Department of Education. 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 school districts. The governing board of MVECA consists of two representatives from each of the participating members. The School District paid MVECA \$21,458 for services provided during the year. Financial information can be obtained from MVECA located at 330 Enon Road, Yellow Springs, Ohio 45387.

Southwestern Ohio Educational Purchasing Council -The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of nearly 100 school districts in 12 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

15. JOINTLY GOVERNED ORGANIZATIONS (Continued)

Payments to SOEPC are made from the general fund. During fiscal year 2009, the School District paid \$869 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 1831 Harshman Road, Dayton, Ohio 45424.

Southwestern Ohio Instructional Technology Association – The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation. The purpose of the corporation is to serve the educational needs of the area through television programming for the advancement of educational programs. The Board of Trustees is comprised of twenty-one representatives of SOITA member's schools or institutions. Nineteen representatives are elected from within the counties by the qualified members within the counties, i.e., Auglaize, Butler, Champaign, Clark, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby, and Warren. Montgomery, Greene, and

Butler Counties elect two representatives per area. All others elect one representative per area. One at-large non-public representative is elected by the non-public school SOITA members in the State-assigned SOITA service area. One at-large higher education representative is elected by higher education SOITA members from within the State-assigned SOITA service area.

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the General Fund. The School District paid SOITA \$557 for services provided during the year. To obtain financial information, write to Southwestern Ohio Instructional Technology Association, Steve Strouse, who serves as Director, at 150 East Sixth Street, Franklin, Ohio 45005.

Greene County Career Center - The Greene County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating school districts' elected Boards, which possesses its own budgeting and taxing authority. To obtain financial information, write to the Greene County Career Center, Judy Geers, who serves as Treasurer, at 2960 W. Enon Rd., Xenia, OH 45385. The Cedar Cliff Local School District did not contribute any money to the Greene County Career Center during the 2009 fiscal year.

16. INSURANCE PURCHASING POOL

Southwestern Ohio Educational Purchasing Cooperative's Workers' Compensation Group Rating Plan - The School District participates in the Southwestern Ohio Educational Purchasing Cooperative's Workers' Compensation Group Rating Plan (GRP). The GRP's business and affairs are conducted by a 14 member committee consisting of various EPC representatives that are elected by the general assembly. Either the superintendent or treasurer from each participating school district serves on the general assembly. Each fiscal year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

17. SET-ASIDE CALCULATIONS

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

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

	Textbooks/ Instructional Materials	Capital Improvements
Set-aside Reserve Balance as of June 30, 2008		
Current Year Set-aside Requirement	\$ 99,699	\$ 99,699
Carryover from Prior Year	(235,170)	
Qualifying Disbursements	(139,420)	(377,117)
Current Year Offsets		(195,406)
Set-aside Reserve Balance as of June 30, 2009	(274,891)	(472,824)
Set-aside Balance Carried Forward to Future Fiscal Years	(\$274,891)	\$ 0

The School District had qualifying disbursements and offsets during the fiscal year that reduced the textbooks and instructional materials and capital acquisitions amounts below zero. This extra amount of textbooks qualifying expenditures may be used to reduce the set-aside requirements in future fiscal years.

18. INTERFUND ASSETS/LIABILITIES

The interfund balances at June 30, 2009 were as follows:

	Interfund Receivable General
Interfund Payable	
Major Governmental Fund	
Permanent Improvement	\$75,000
	Transfers - In Other Non-major Governmental Funds
	Food Service
Transfers – Out	
Major Governmental Funds	
General	\$17,000

The interfund transactions between the general fund and the food service non-major special revenue fund is due to the timing of revenue.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

19. CONTINGENCIES

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2009.

20. RESTATEMENT OF NET ASSETS

During fiscal year 2009, it was determined that capital assets were overstated in the prior year. An appraisal of capital assets was performed and the School District revised its capitalization threshold from \$500 to \$1,000. As a result, the ending net assets as previously reported were overstated by \$1,073,247. Therefore, the beginning net assets of governmental activities have been restated as of July 1, 2008 from the \$3,485,743 previously reported to \$2,412,496.

21. SUBSEQUENT EVENT

On November 3, 2009, the voters in the School District approved an income tax of .25% for the purpose of the acquisition, construction, enlargement, renovation and financing of permanent improvements for a period of 28 years. The voters also approved the issuance of bonds in the amount of \$11,740,000 for the purpose of paying the local share of school construction under the State of Ohio Classroom Facilities Assistance Program. The District intends to build a new pre-kindergarten through grade 12 building, make other improvements to school facilities along with the equipment, furnishings and landscaping that accompanies a project of this nature.

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**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED**

The discussion and analysis of Cedar Cliff Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2008 are as follows:

- In total, net assets increased \$365,307, which represents a 12 percent increase from 2007.
- General revenues and proceeds from sale of capital assets accounted for \$5,890,129 in revenue or 89 percent of all revenues. Program specific revenues in the form of charges for services and operating grants, interest and contributions, accounted for \$707,392 or 11 percent of total revenues of \$6,597,521.
- Total assets of governmental activities increased by \$111,828 as cash and cash equivalents increased by \$446,767 and capital assets increased by \$18,248.
- The School District had \$6,232,214 in expenses; only \$707,392 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and entitlements) and proceeds from sale of capital assets were \$5,890,129.
- Among major funds, the general fund had \$5,819,038 in revenues and \$5,465,934 in expenditures. The general fund's balance increased \$338,656 from 2007.

Using this General Accepted Accounting Principles Report (GAAP)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Cedar Cliff Local School 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 School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non major funds presented in total in one column. In the case of Cedar Cliff Local School District, the general fund and the permanent improvement capital projects fund are the most significant funds.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

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

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the School District reports governmental activities. Governmental activities are the activities where most of the School District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 53. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and the permanent improvement capital projects fund.

Governmental Funds

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

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

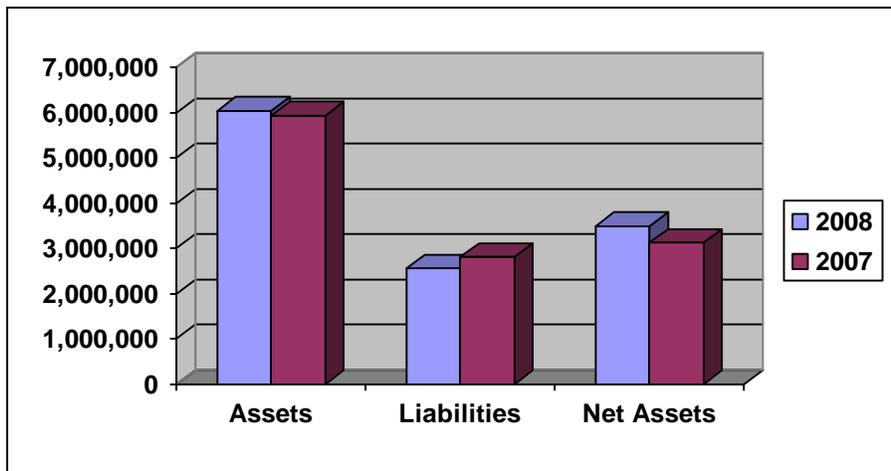
The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for 2008 compared to 2007:

**Table 1
Net Assets**

	2008	2007
Assets:		
Current and Other Assets	\$3,944,882	\$3,851,302
Capital Assets	2,096,230	2,077,982
Total Assets	6,041,112	5,929,284
Liabilities:		
Long-Term Liabilities	405,389	356,603
Other Liabilities	2,149,980	2,452,245
Total Liabilities	2,555,369	2,808,848
Net Assets:		
Invested in Capital Assets, Net of Related Debt	2,096,230	2,077,982
Restricted	91,851	24,321
Unrestricted	1,297,662	1,018,133
Total Net Assets	\$3,485,743	\$3,120,436



As can be seen by the above table and graph, the assets of the School District are larger than the liabilities of the School District. During fiscal year 2008, total assets of governmental activities increased by \$111,828 as cash and cash equivalents increased by \$446,767 and capital assets increased by \$18,248. Unrestricted net assets, the part of net assets that can be used to finance day-to-day activities without constraints established by grants or legal requirements, of the School District increased by \$279,529.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

Table 2 shows the changes in net assets from fiscal year 2007 to fiscal year 2008:

**Table 2
Changes in Net Assets**

	2008	2007
Revenues:		
Program Revenues:		
Charges for Services	\$ 404,414	\$ 407,997
Operating Grants, Interest and Contributions	302,978	294,800
Capital Grants		3,690
Total Program Revenues	<u>707,392</u>	<u>706,487</u>
General Revenues:		
Property Taxes	1,865,639	1,883,925
Income Taxes	795,169	751,112
Grants and Entitlements	3,118,544	3,072,927
Gifts and Donations	6,000	254
Investment Earnings	69,233	75,536
Miscellaneous	33,992	30,732
Total General Revenues	<u>5,888,577</u>	<u>5,814,486</u>
Proceeds from Sale of Capital Assets	<u>1,552</u>	<u>263</u>
Total Revenues	<u>6,597,521</u>	<u>6,521,236</u>
Program Expenses:		
Instruction	3,300,072	3,269,563
Support Services:		
Pupils and Instructional Staff	839,290	722,038
Board of Education, Administration and Fiscal	914,310	798,432
Operation and Maintenance of Plant	479,206	492,802
Pupil Transportation	277,417	217,515
Central	18,176	12,342
Operation of Non-instructional Services	181,699	175,907
Extracurricular Activities	222,044	219,981
Total Expenses	<u>6,232,214</u>	<u>5,908,580</u>
Increase in Net Assets	365,307	612,656
Beginning Net Assets	<u>3,120,436</u>	<u>2,507,780</u>
Ending Net Assets	<u>\$3,485,743</u>	<u>\$3,120,436</u>

Governmental Activities

The unique nature of taxes in Ohio creates the need to routinely seek voter approval for the School District operations. Property taxes and income taxes made up 40 percent of revenues for governmental activities for the Cedar Cliff Local School District for fiscal year 2008.

Instruction comprises 53 percent of the School District expenses. Support services expenses make up 41 percent of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows 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. A comparative analysis of district-wide data from fiscal year 2007 to fiscal year 2008 is being presented, as follows:

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

**Table 3
Governmental Activities**

	Total Cost of Services 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
Instruction	\$3,300,072	\$3,025,316	\$3,269,563	\$3,015,891
Support Services:				
Pupils and Instructional Staff	839,290	653,137	722,038	524,084
Board of Education, Administration and Fiscal	914,310	914,310	798,432	798,432
Operation and Maintenance of Plant	479,206	479,206	492,802	492,802
Pupil Transportation	277,417	277,417	217,515	217,515
Central	18,176	7,176	12,342	1,342
Operation of Non-instructional Services	181,699	20,321	175,907	11,630
Extracurricular Activities	222,044	147,939	219,981	140,397
Total Expenses	\$6,232,214	\$5,524,822	\$5,908,580	\$5,202,093

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to pupils.

Board of education, administration, fiscal and business includes expenses associated with administrative and financial supervision of the School District.

Operation and maintenance of plant activities involve keeping the school grounds, buildings, and equipment in an effective working condition.

Central includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Operation of noninstructional services includes the preparation, delivery, and servicing of lunches, snacks and other incidental meals to students and school staff in connection with school activities.

Extracurricular activities includes expense related to student activities provided by the School District which are designed to provide opportunities for pupils to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

The dependence upon tax revenues is apparent. Almost 92 percent of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is almost 89 percent. The community, as a whole, is the primary support for the Cedar Cliff Local School District.

The School District's Funds

Information about the School District's major funds starts on page 53. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$6,592,216 and expenditures of \$6,188,380. The net change in fund balance for the year for all funds increased by \$405,388.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

During the course of the fiscal year 2008, the School District amended its general fund budget several times. The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, the final budget basis revenue and other financing sources estimate was \$5,980,062. The original budgeted estimate was \$5,669,582.

During fiscal year 2008, the School District budgeted \$1,666,946 in property and other taxes, and it actually received \$1,689,619.

Capital Assets

At the end of the fiscal year 2008, the School District had \$2,096,230 invested in land, land improvements, buildings and improvements, furniture and equipment, vehicles and educational media.

Table 4 shows fiscal 2008 balances compared to 2007.

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

	2008	2007
Land	\$ 122,820	\$ 122,820
Construction in Progress	3,545	47,249
Land Improvements	27,665	21,613
Buildings and Improvements	1,370,016	1,196,854
Furniture and Equipment	219,427	266,374
Vehicles	350,718	377,884
Educational Media	2,039	45,188
Totals	\$2,096,230	\$2,077,982

Overall capital assets increased \$18,248 from fiscal year 2007 to fiscal year 2008.

For more information on capital assets, see Note 9 of the Basic Financial Statements.

Current Financial Issues and Concerns

The Cedar Cliff Local School District is financially stable. The School District is proud of its community support. The voters passed a replacement of the Permanent Improvement Levy in November 2005. The biennium budget of the State for fiscal years 2006-2007 basically gave the School District no increase in state funding for the two years. This coupled with the fact that the past year also showed little increase and the income tax revenue had been declining for several years made it necessary to seek additional dollars from the voters in order to avoid a deficit in fiscal year 2008. The School District had not gone back to the voters for additional operating expenses since 1990. The voters did approve a 4.0 mill five-year operating levy in November of 2006. We are very fortunate to have our community so supportive of our schools. The problem with the state funding may force us to renew or replace that emergency levy. The School District has asked for money only when absolutely needed, and the voters have never failed an operating levy. The School District also has no debt.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

The administration and Board of Education continue to focus their efforts to make improvements in the area of curriculum. Many strategies have been implemented through the School District's Continuous Improvement Plan. The School District continues to encourage faculty through grade/subject level meetings to align curriculum with the new State standards. The administration and Board of Education provide funds to encourage faculty and staff to continually be involved in professional development. The Cedar Cliff Local School District has been designated "An Excellent School" on the State's Annual Report Card of Schools for the past three years.

In comparison to other school districts in the State, the School District would not be considered a school district of low wealth. The School District's growth in State revenue is dependent on per pupil amount, enrollment, and property wealth. The School District is no longer considered a formula district and has seen that source of revenue placed "on the guarantee". That means that the state will provide the same amount of dollars as the previous fiscal year. However, the State because of tough economic times, is already suggesting the "guarantee" may not be 100% in the future.

The School District is located in a rural setting within a small village; therefore, the burden of property tax is with the taxpayers and not business tax. The School District is concerned for the next few years about the financial problems facing the State which will have an effect on school funding. This uncertainty requires management to plan carefully and prudently to ensure the resources needed to continue the level of excellence in educating its students. Just as the country, state, and village are facing tremendous loss of revenue due to the financial crisis of our country, so is the school district. As individuals lose jobs, homes are foreclosed, and interest earnings become losses, the district will continue to monitor the impact on its revenue. Every source of revenue will be affected by this economic downturn. It will be important to maintain as large a carryover as possible to offset the probable decline in revenue.

Parents have many options in choosing an education for their children. By doing so, the District has lost revenue by those choosing to go open enrollment to other districts, home-schooled, or to a community school. To counteract some of these losses, the Board of Education voted to permit "Open Enrollment" to Cedar Cliff District depending on availability within the grade levels. The intent was to fill classes to a certain number based on what is best for students and then close that class.

In conclusion, the Cedar Cliff Local School District has committed itself to financial excellence for many years. In addition, the School District's system of financial planning, budgeting, and internal financial controls are well regarded. However, since the School District is dependent for over half of its revenue from state and federal sources, it will need to pay close attention and be involved in what is happening at the federal, state, and local level. The School District plans to continue its sound fiscal management to meet the challenges of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Joy Kitzmiller, Treasurer at Cedar Cliff Local School District, Post Office Box 45, Cedarville, Ohio 45314 or email at jkitzmiller@mveca.org.

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**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**STATEMENT OF NET ASSETS
JUNE 30, 2008**

	<u>Governmental Activities</u>
Assets:	
Cash and Cash Equivalents	\$1,877,658
Cash with Fiscal Agents	25
Inventory of Supplies and Materials	4,499
Accrued Interest Receivable	2,110
Accounts Receivable	24,716
Intergovernmental Receivable	40,342
Prepaid Items	2,092
Income Tax Receivable	327,002
Property and Other Taxes Receivable	1,666,438
Depreciable Capital Assets, Net	1,969,865
Land	122,820
Construction in Progress	3,545
Total Assets	<u>6,041,112</u>
 Liabilities:	
Accounts Payable	4,044
Accrued Wages and Benefits Payable	407,192
Intergovernmental Payable	145,342
Accrued Vacation Leave Payable	27,144
Deferred Revenue	1,566,258
Long Term Liabilities:	
Due Within One Year	15,202
Due In More Than One Year	390,187
Total Liabilities	<u>2,555,369</u>
 Net Assets:	
Invested in Capital Assets, Net of Related Debt	2,096,230
Restricted for:	
Special Revenue	
Capital Projects	72,978
Other Purposes	18,873
Unrestricted	1,297,662
Total Net Assets	<u><u>\$3,485,743</u></u>

See accompanying notes to the basic financial statements.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes In Net Assets</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants, Interest and Contributions</u>
			<u>Total Governmental Activities</u>
Governmental Activities:			
Instruction:			
Regular	\$2,472,791	\$150,445	\$29,130
Special	479,468		95,181
Vocational	4,121		(4,121)
Other	343,692		(343,692)
Support Services:			
Pupils	462,422	65,053	8,497
Instructional Staff	376,868		112,603
Board of Education	36,651		(36,651)
Administration	574,871		(574,871)
Fiscal	302,788		(302,788)
Operation and Maintenance of Plant	479,206		(479,206)
Pupil Transportation	277,417		(277,417)
Central	18,176		11,000
Operation of Noninstructional Services	181,699	115,445	45,933
Extracurricular Activities	222,044	73,471	634
Total Governmental Activities	<u>\$6,232,214</u>	<u>\$404,414</u>	<u>\$302,978</u>

General Revenues:

Property Taxes Levied for:

General Purposes	1,671,992
Capital Outlay	193,647
Income Taxes for General Purposes	795,169
Grants and Entitlements not Restricted to Specific Programs	3,118,544
Gifts and Donations	6,000
Investment Earnings	69,233
Miscellaneous	33,992
Total General Revenues before Proceeds from Sale of Capital Assets	<u>5,888,577</u>
Proceeds from Sale of Capital Assets	<u>1,552</u>
Change in Net Assets	365,307
Net Assets Beginning of Year	<u>3,120,436</u>
Net Assets End of Year	<u><u>\$3,485,743</u></u>

See accompanying notes to the basic financial statements.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2008**

	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and Cash Equivalents	\$1,771,762	\$62,358	\$43,538	\$1,877,658
Cash with Fiscal Agents			25	25
Receivables:				
Property and Other Taxes	1,581,802	84,636		1,666,438
Income Taxes	327,002			327,002
Accrued Interest	2,110			2,110
Accounts	24,716			24,716
Intergovernmental			40,342	40,342
Interfund	3,633			3,633
Inventory of Supplies and Materials	3,036		1,463	4,499
Prepaid Items	1,190		902	2,092
Total Assets	<u><u>3,715,251</u></u>	<u><u>146,994</u></u>	<u><u>86,270</u></u>	<u><u>3,948,515</u></u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	4,044			4,044
Accrued Wages and Benefits Payable	377,169		30,023	407,192
Interfund Payable			3,633	3,633
Intergovernmental Payable	138,741		6,601	145,342
Deferred Revenue	1,542,701	76,841	14,960	1,634,502
Total Liabilities	<u><u>2,062,655</u></u>	<u><u>76,841</u></u>	<u><u>55,217</u></u>	<u><u>2,194,713</u></u>
Fund Balances:				
Reserved for Encumbrances	47,547	265	1,579	49,391
Reserved for Property Tax	65,736	7,795		73,531
Designated for Budget Stabilization	59,951			59,951
Unreserved, Undesignated (Deficit), Reported in:				
General Fund	1,479,362			1,479,362
Special Revenue Funds			29,474	29,474
Capital Projects Funds		62,093		62,093
Total Fund Balances	<u><u>1,652,596</u></u>	<u><u>70,153</u></u>	<u><u>31,053</u></u>	<u><u>1,753,802</u></u>
Total Liabilities and Fund Balances	<u><u>\$3,715,251</u></u>	<u><u>\$146,994</u></u>	<u><u>\$86,270</u></u>	<u><u>\$3,948,515</u></u>

See accompanying notes to the basic financial statements.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
June 30, 2008**

Total Governmental Fund Balance	\$1,753,802
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	\$122,820	
Construction in Progress	3,545	
Land Improvements	27,665	
Buildings	219,690	
Building Improvements	1,150,326	
Furniture and Equipment	219,427	
Vehicles	350,718	
Educational Media	<u>2,039</u>	
Total Capital Assets		2,096,230

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

Property and Other Taxes Receivable	26,649	
Income Taxes Receivable	21,160	
Accounts Receivable	5,475	
Intergovernmental Receivable	<u>14,960</u>	
		68,244

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:

Accrued Vacation Leave Payable	(27,144)	
Compensated Absences Payable	<u>(405,389)</u>	
Total Liabilities		<u>(432,533)</u>

Net Assets of Governmental Activities	<u><u>\$3,485,743</u></u>
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See accompanying notes to the basic financial statements.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property and Other Taxes	\$1,676,171	\$194,149		\$1,870,320
Income Tax	795,169			795,169
Tuition and Fees	148,205			148,205
Interest	69,233		\$53	69,286
Intergovernmental	3,090,268	28,276	289,605	3,408,149
Extracurricular Activities			138,524	138,524
Charges for Services			115,445	115,445
Gifts and Donations	6,000		7,126	13,126
Miscellaneous	33,992			33,992
Total Revenues	<u>5,819,038</u>	<u>222,425</u>	<u>550,753</u>	<u>6,592,216</u>
Expenditures:				
Current:				
Instruction:				
Regular	2,327,372	29,750	36,723	2,393,845
Special	390,852		87,496	478,348
Vocational	7,351			7,351
Other	343,692			343,692
Support Services:				
Pupils	390,322		68,604	458,926
Instructional Staff	247,459	1,817	112,443	361,719
Board of Education	36,152			36,152
Administration	540,890	152		541,042
Fiscal	289,759	3,620		293,379
Operation and Maintenance of Plant	483,402	128,896		612,298
Pupil Transportation	253,845			253,845
Central	3,463		14,713	18,176
Operation of Noninstructional Services			176,506	176,506
Extracurricular Activities	151,375		61,726	213,101
Total Expenditures	<u>5,465,934</u>	<u>164,235</u>	<u>558,211</u>	<u>6,188,380</u>
Excess of Revenues Over (Under) Expenditures	<u>353,104</u>	<u>58,190</u>	<u>(7,458)</u>	<u>403,836</u>
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	1,552			1,552
Transfers - In			16,000	16,000
Transfers - Out	(16,000)			(16,000)
Total Other Financing Sources (Uses)	<u>(14,448)</u>		<u>16,000</u>	<u>1,552</u>
Net Change in Fund Balances	338,656	58,190	8,542	405,388
Fund Balances at Beginning of Year	<u>1,313,940</u>	<u>11,963</u>	<u>22,511</u>	<u>1,348,414</u>
Fund Balances at End of Year	<u>\$1,652,596</u>	<u>\$70,153</u>	<u>\$31,053</u>	<u>\$1,753,802</u>

See accompanying notes to the basic financial statements.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Net Change in Fund Balances - Total Governmental Funds \$405,388

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital Asset Additions	\$237,372	
Current Year Depreciation	(134,921)	
Capital Asset Deletions	<u>(84,203)</u>	
		18,248

Some revenues that will not be collected for several months after the School District's fiscal year ends are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues increased by this amount this year.

Property Taxes	(4,681)	
Accounts	2,240	
Intergovernmental	<u>6,194</u>	
		3,753

Some items 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. These activities consist of:

Increase in Compensated Absences Payable	<u>(62,082)</u>
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Change in Net Assets of Governmental Activities	<u><u>\$365,307</u></u>
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See accompanying notes to the basic financial statements.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property and Other Taxes	\$1,621,593	\$1,666,946	\$1,689,619	\$22,673
Income Tax	669,530	789,743	789,743	
Tuition and Fees	118,000	148,164	148,164	
Interest	70,000	67,124	67,124	
Intergovernmental	3,027,643	3,090,516	3,090,268	(248)
Gifts and Donations	2,000	6,000	6,000	
Rent	500			
Miscellaneous	7,150	17,922	17,922	
Total Revenues	<u>5,516,416</u>	<u>5,786,415</u>	<u>5,808,840</u>	<u>22,425</u>
Expenditures:				
Current:				
Instruction:				
Regular	2,470,809	2,368,037	2,325,700	42,337
Special	457,802	427,682	400,655	27,027
Vocational	4,500	7,371	7,351	20
Other	417,280	344,465	344,334	131
Support Services:				
Pupils	395,411	431,000	403,504	27,496
Instructional Staff	242,131	235,324	217,108	18,216
Board of Education	52,850	55,450	36,727	18,723
Administration	599,215	640,710	546,581	94,129
Fiscal	292,238	288,105	272,712	15,393
Business	2,200	2,200		2,200
Operation and Maintenance of Plant	535,556	542,835	513,465	29,370
Pupil Transportation	251,525	275,754	253,556	22,198
Central	18,794	8,794	3,463	5,331
Extracurricular Activities	169,170	165,458	149,178	16,280
Capital Outlay	1,000	1,000		1,000
Total Expenditures	<u>5,910,481</u>	<u>5,794,185</u>	<u>5,474,334</u>	<u>319,851</u>
Excess of Revenues Over (Under) Expenditures	<u>(394,065)</u>	<u>(7,770)</u>	<u>334,506</u>	<u>342,276</u>
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	300	1,552	1,552	
Refund of Prior Year Expenditures		39,229	39,229	
Advances - In	152,866	152,866	152,866	
Transfers - Out	(10,000)	(20,000)	(16,000)	4,000
Total Other Financing Sources (Uses)	<u>143,166</u>	<u>173,647</u>	<u>177,647</u>	<u>4,000</u>
Net Change in Fund Balance	(250,899)	165,877	512,153	346,276
Fund Balance at Beginning of Year	1,157,417	1,157,417	1,157,417	
Prior Year Encumbrances Appropriated	53,071	53,071	53,071	
Fund Balance at End of Year	<u>\$959,589</u>	<u>\$1,376,365</u>	<u>\$1,722,641</u>	<u>\$346,276</u>

See accompanying notes to the basic financial statements.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2008**

	<u>Private Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$500	\$22,192
	<u>500</u>	<u>22,192</u>
Liabilities:		
Deposits Held and Due to Students		22,192
Total Liabilities		<u>\$22,192</u>
Net Assets:		
Held in Trust for Scholarships	<u>\$500</u>	

See accompanying notes to the basic financial statements.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Private Purpose Trust</u>
	<u>Scholarship</u>
Additions:	
Gifts and Donations	\$500
Deletions:	
Payments in Accordance with Trust Agreements	<u>500</u>
Change in Net Assets	
Net Assets Beginning of Year	<u>500</u>
Net Assets End of Year	<u><u>\$500</u></u>

See accompanying notes to the basic financial statements.

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**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District serves an area of approximately 49 square miles. It is staffed by 28 non-certified employees, 45 certified full time teaching personnel, including 4 administrators, who provide services to 670 students and other community members. The School District currently operates 1 instructional/support facility.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Cedar Cliff Local School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District does not have any component units.

The School District is associated with four jointly governed organizations and one insurance purchasing pool. These organizations are discussed in Note 15 and 16 to the basic financial statements. These organizations are:

Jointly Governed Organizations:

- Miami Valley Educational Computer Association (MVECA)
- Southwestern Ohio Educational Purchasing Cooperative (SOEPC)
- Southwestern Ohio Instructional Technology Association (SOITA)
- Greene County Career Center

Insurance Purchasing Pool:

- Southwestern Ohio Educational Purchasing Cooperative's Workers' Compensation Group Rating Program (GRP)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Cedar Cliff Local School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation

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

1. Government-wide Financial Statements:

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The government-wide statements usually distinguish between those activities that are governmental and those that are business-type. The School District, however, has no activities which are reported as business-type. The government-wide statements also exclude fiduciary funds.

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

2. Fund Financial Statements:

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

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The School District divides its funds into two categories: governmental and fiduciary.

1. Governmental Funds:

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

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Permanent Improvement Fund – The permanent improvement capital projects fund accounts for a property tax levy to be used for the acquisition, construction, or improvement of capital facilities other than those financed by the private purpose trust fund.

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

2. Fiduciary Fund Types:

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. The School District's only trust fund is a private purpose trust which accounts for various college scholarship programs for students. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The student managed activities agency fund accounts for those student activity programs which have student participation in the activity and have students involved in the management of the program. This fund typically includes those student activities which consist of a student body, student president, student treasurer, and faculty advisor.

C. Measurement Focus

1. Government-wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the School District are included on the Statement on Net Assets. The Statement of Activities accounts for increases (i.e. revenues) and decreases (i.e. expenses) in total net assets.

2. 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.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. 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.

1. 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. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include 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 (See Note 6). 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 fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, income tax, tuition, student fees, interest, grants, charges for services, gifts and donations and rent.

2. 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, 2008, but which were levied to finance fiscal year 2009 operations, have been recorded as deferred revenue. Grants and entitlements from other school districts 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.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Expenses/Expenditures:

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. Allocation of costs, such as depreciation and amortization are not recognized in governmental funds.

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

E. Budgetary Data

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2008.

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

F. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "cash and cash equivalents." During fiscal year 2008, the School District did not have any investments outstanding.

The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2008 amounted to \$69,233, which includes \$14,364 assigned from other funds.

G. Interfund Assets/Liabilities

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables" and "interfund payables." These amounts are eliminated in the governmental activities column of the statement of net assets.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Inventory of Supplies and Materials

Inventories are presented at cost on a first-in, first-out basis and are expended when used. Inventory consists of expendable supplies held for consumption and purchased foods held for resale.

I. Capital Assets and Depreciation

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$500. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	20 years
Buildings	99 years
Building Improvements	20 years
Furniture, Fixtures and Equipment	5-20 years
Vehicles	10-20 years
Educational Media	6-15 years

J. Accrued Liabilities and Long-Term Obligations

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

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

K. 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 School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

On governmental fund financial statements, compensated absences are reported as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Compensated Absences Payable" in the funds from which the employees will be paid. The School District did not have any compensated absences payable recorded in the funds during fiscal year 2008.

L. Interfund Transactions

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures 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 to the funds that initially paid for them are not presented on the financial statements.

M. Fund Balance Reserves

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

N. Net Assets

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

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

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Estimates

The preparation of the 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.

3. ACCOUNTABILITY

At June 30, 2008, the food service, IDEA, Part B, Title I and Title II-A special revenue funds had deficit fund balances of \$7,775, \$384, \$226, and \$122, respectively. The general fund provides transfers to cover the deficit balances; however, this is done when cash is needed rather than when accruals occur.

4. BUDGETARY BASIS OF ACCOUNTING

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

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 (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Unrecorded cash represents amounts received but not included as revenue on the budget basis operating statement. These amounts are included as revenue on the GAAP basis operating statements.

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

Net Change in Fund Balance	
GAAP Basis	\$338,656
Net Adjustment for Revenue Accruals	29,031
Net Adjustment for Expenditure Accruals	(62,999)
Advances	152,866
Adjustment for Encumbrances	54,599
Budget Basis	<u>\$512,153</u>

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

5. DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

Cash on Hand: At fiscal year end, the School District had \$50 in un-deposited cash in hand which is included on the balance sheet of the School District as part of “cash and cash equivalents.”

The “cash with fiscal agents” of \$25 shown in the other governmental non-major funds is maintained by the Greene County Educational Service Center.

A. Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year-end, \$1,769,298 of the School District’s bank balance of \$1,969,298 was exposed to custodial credit risk because it was uninsured and collateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

B. Investments

At June 30, 2008, the School District did not have any investments outstanding.

Interest Rate Risk: The District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk: The District’s investment policy limits investments to those authorized by State statute.

Concentration of Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District’s investment in the money market mutual funds are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty’s trust department or agent but not in the School District’s name. The School District’s investment policy does not address investment custodial risk beyond the requirement the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

6. PROPERTY TAXES

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

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

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

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

The School District receives property taxes from Greene County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2008, are available to finance fiscal year 2009 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

The amount available as an advance at June 30, 2008, was \$65,736 in the general fund and \$7,795 in the permanent improvement capital projects fund.

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

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

6. PROPERTY TAXES (Continued)

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

	2007 Second Half Collections		2008 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$70,818,400	92.98%	\$72,410,960	92.77%
Tangible Personal Property	5,342,762	7.02%	5,638,844	7.23%
Total Assessed Value	<u>\$76,161,162</u>	<u>100.00%</u>	<u>\$78,049,804</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$39.35		\$39.25	

7. INCOME TAX

The School District levies a voted tax of one percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1991, and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue in the amount of \$795,169 was credited to the general fund during fiscal year 2008.

8. RECEIVABLES

Receivables at June 30, 2008, consisted of property and income taxes, accounts (rent, billings for user charged services, and student fees), intergovernmental grants, and interfund. A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amounts
Non-major Funds	
IDEA, Part B	\$12,362
Title I	24,334
Title IIA	<u>3,646</u>
Total Non-major Funds	<u>40,342</u>
Total Intergovernmental Receivables	<u><u>\$40,342</u></u>

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

9. CAPITAL ASSETS

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

	Govt Assets 6/30/2007	Additions	Deletions	Govt Assets 6/30/2008
Capital Assets, not Being Depreciated:				
Land	\$ 122,820			\$ 122,820
Construction in Progress	47,249	\$ 3,545	(\$47,249)	3,545
Total Capital Assets, not Being Depreciated	<u>170,069</u>	<u>3,545</u>	<u>(47,249)</u>	<u>126,365</u>
Capital Assets, Being Depreciated:				
Land Improvements	45,303	7,000		52,303
Buildings	951,849			951,849
Building Improvements	1,275,760	209,016		1,484,776
Equipment	849,151	17,811	(100,279)	766,683
Vehicles	537,536			537,536
Educational Media	123,241		(113,689)	9,552
Total Capital Assets, Being Depreciated	<u>3,782,840</u>	<u>233,827</u>	<u>(213,968)</u>	<u>3,802,699</u>
Less: Accumulated Depreciation:				
Land Improvements	(23,690)	(948)		(24,638)
Buildings	(713,375)	(18,784)		(732,159)
Building Improvements	(317,380)	(17,070)		(334,450)
Equipment	(582,777)	(59,783)	95,304	(547,256)
Vehicles	(159,652)	(27,166)		(186,818)
Educational Media	(78,053)	(11,170)	81,710	(7,513)
Total Accumulated Depreciation	<u>(1,874,927)</u>	<u>(134,921)</u>	<u>177,014</u>	<u>(1,832,834)</u>
Total Capital Assets, Being Depreciated, Net	<u>1,907,913</u>	<u>98,906</u>	<u>(36,954)</u>	<u>1,969,865</u>
Total Capital Assets, Net	<u>\$2,077,982</u>	<u>\$102,451</u>	<u>(\$84,203)</u>	<u>\$2,096,230</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 54,527
Special	1,463
Vocational	770
Support Services:	
Pupils	1,574
Instructional Staff	6,559
Board of Education	499
Administration	4,318
Fiscal	1,482
Operation and Maintenance of Plant	30,334
Pupil Transportation	22,748
Extracurricular Activities	7,328
Operation of Non-Instructional Services	3,319
Total Depreciation Expense	<u>\$134,921</u>

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

10. RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2008, the School District contracted with Ohio Casualty Insurance Company for property, fleet insurance, liability insurance and inland coverage.

Coverage provided by Indiana Insurance is as follows:

Building and Contents – replacement cost (\$1,000 deductible)	\$17,389,027
Inland Marine Coverage (\$250/\$500 deductible)	351,569
Boiler and Machinery (\$1,000 deductible)	17,389,027
Monies and Securities	10,000
Automobile Liability	1,000,000
Uninsured Motorists	1,000,000
General Liability Per Occurrence	1,000,000
Aggregate	2,000,000
Umbrella	3,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant change in coverage from prior years.

B. Workers' Compensation

For fiscal year 2008, the School District participated in the Southwestern Ohio Educational Purchasing Cooperative's Workers' Compensation Group Rating Program (GRP), a workers' compensation insurance purchasing pool (Note 16). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the 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 Integrated Comp Incorporated provides administrative, cost control and actuarial services to the GRP.

11. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

11. DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$69,007, \$79,493, and \$78,641, respectively, 48.63 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

B. State Teachers Retirement System

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

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

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

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

11. DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy - For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2007, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006 were \$326,883, \$326,967, and \$326,651; 83.47 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2008, three members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid. The remaining members of the Board are with SERS.

12. POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was \$12,069.

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

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

12. POSTEMPLOYMENT BENEFITS (Continued)

The School District's contributions for health care for the fiscal years ended June 30, 2008 and 2007 were \$43,559 and \$40,459, respectively; 48.63 percent has been contributed for fiscal year 2008 and 100 percent for fiscal year 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2008, this actuarially required allocation was 0.66 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2008 and 2007 were \$4,972 and \$5,727, respectively; 48.63 percent has been contributed for fiscal year 2008 and 100 percent for fiscal year 2007.

B. State Teachers Retirement System

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2008 and 2007 were \$25,145 and 25,151, respectively; 83.47 percent has been contributed for fiscal year 2008 and 100 percent for fiscal year 2007.

13. EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is not paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 232 days for classified staff and 236 days for certified staff. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 59 days for all certified employees and 58 days for classified employees.

B. Insurance Benefits

The School District provides life insurance, dental insurance, and accidental death and dismemberment insurance to most employees through CoreSource. Medical/surgical benefits are provided through United Health Care of Ohio. Vision insurance is provided through Vision Service Plan of Ohio.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

14. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2008 were as follows:

	Amount Outstanding 6/30/07	Additions	Deductions	Amount Outstanding 6/30/08	Amounts Due in One Year
Compensated Absences	\$356,603	\$405,389	\$356,603	\$405,389	\$15,202

Compensated absences will be paid from the funds from which the employees' salaries are paid.

At June 30, 2008, the School District's overall legal debt limitation was \$6,853,149, and the unvoted debt margin was \$76,146.

15. JOINTLY GOVERNED ORGANIZATIONS

Miami Valley Educational Computer Association (MVECA) - The School District is a participant in MVECA, which is a computer consortium. MVECA is an association of public school districts within the geographic area determined by the Ohio Department of Education. 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 school districts. The governing board of MVECA consists of two representatives from each of the participating members. The School District paid MVECA \$21,347 for services provided during the year. Financial information can be obtained from MVECA located at 330 Enon Road, Yellow Springs, Ohio 45387.

Southwestern Ohio Educational Purchasing Council -The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of nearly 100 school districts in 12 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the general fund. During fiscal year 2008, the School District paid \$578 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 1831 Harshman Road, Dayton, Ohio 45424.

Southwestern Ohio Instructional Technology Association – The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation. The purpose of the corporation is to serve the educational needs of the area through television programming for the advancement of educational programs. The Board of Trustees is comprised of twenty-one representatives of SOITA member's schools or institutions. Nineteen representatives are elected from within the counties by the qualified members within the counties, i.e., Auglaize, Butler, Champaign, Clark, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby, and Warren. Montgomery, Greene, and Butler Counties elect two representatives per area. All others elect one representative per area. One at-large non-public representative is elected by the non-public school SOITA members in the State-assigned SOITA service area. One at-large higher education representative is elected by higher education SOITA members from within the State-assigned SOITA service area.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

15. JOINTLY GOVERNED ORGANIZATIONS (Continued)

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the General Fund. The School District paid SOITA \$622 for services provided during the year. To obtain financial information, write to Southwestern Ohio Instructional Technology Association, Steve Strouse, who serves as Director, at 150 East Sixth Street, Franklin, Ohio 45005.

Greene County Career Center - The Greene County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating school districts' elected Boards, which possesses its own budgeting and taxing authority. To obtain financial information, write to the Greene County Career Center, Judy Geers, who serves as Treasurer, at 2960 W. Enon Rd., Xenia, OH 45385. The Cedar Cliff Local School District did not contribute any money to the Greene County Career Center during the 2008 fiscal year.

16. INSURANCE PURCHASING POOL

Southwestern Ohio Educational Purchasing Cooperative's Workers' Compensation Group Rating Plan - The School District participates in the Southwestern Ohio Educational Purchasing Cooperative's Workers' Compensation Group Rating Plan (GRP). The GRP's business and affairs are conducted by a 14 member committee consisting of various EPC representatives that are elected by the general assembly. Either the superintendent or treasurer from each participating school district serves on the general assembly. Each fiscal year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

17. SET-ASIDE CALCULATIONS

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

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

	<u>Textbooks/ Instructional Materials</u>	<u>Capital Improvements</u>
Set-aside Reserve Balance as of June 30, 2007		
Current Year Set-aside Requirement	\$ 94,870	\$ 94,870
Carryover from Prior Year	(138,263)	
Qualifying Disbursements	(191,777)	(162,174)
Current Year Offsets		(190,704)
Set-aside Reserve Balance as of June 30, 2008	<u>(235,170)</u>	<u>(258,008)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>(\$235,170)</u>	<u>\$ 0</u>

The School District had qualifying disbursements and offsets during the fiscal year that reduced the textbooks and instructional materials and capital acquisitions amounts below zero. This extra amount of textbooks qualifying expenditures may be used to reduce the set-aside requirements in future fiscal years.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

18. INTERFUND ASSETS/LIABILITIES

The interfund balances at June 30, 2008 were as follows:

Interfund Payable	Interfund Receivable
	General
Non-Major Governmental Fund	
IDEA, Part B	\$ 970
Title I	2,663
	\$3,633
	Transfers - In
	Other Non-major Governmental Funds
Transfers - Out	
Major Governmental Funds	
General	\$16,000
	\$16,000

The interfund transactions between general and the major capital project fund are due to the timing of the tax revenue. The interfund transactions between the general, IDEA, Part B and title I non-major special revenue funds is due to the timing of grant revenue.

19. CONTINGENCIES

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

20. CHANGES IN ACCOUNTING PRINCIPLES

For fiscal year 2008, the School District has implemented GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other than Pension Plans", GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues", and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees' years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. The implementation of this Statement did not result in any change to the financial statements.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

20. CHANGES IN ACCOUNTING PRINCIPLES (Continued)

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

GASB Statement No. 50 requires employers contributing to defined benefit pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements. The implementation of this Statement did not result in any change to the financial statements.

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Mary Taylor, CPA

Auditor of State

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

Cedar Cliff Local School District
Greene County
P.O. Box 45
Cedarville, Ohio 45314

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cedar Cliff Local School District, Greene County, (the District) as of and for the years ended June 30, 2009 and 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 12, 2010 wherein we noted the District restated capital assets and modified its capital asset threshold. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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

We noted a certain matter that we reported to the District's management in a separate letter dated February 12, 2010.

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402
Telephone: (937) 285-6677 (800) 443-9274 Fax: (937) 285-6688
www.auditor.state.oh.us

Compliance and Other Matters

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

We intend this report solely for the information and use of management and Board of Education. We intend it for no one other than these specified parties.

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

Mary Taylor, CPA
Auditor of State

February 12, 2010



Mary Taylor, CPA

Auditor of State

Independent Accountants' Report on Applying Agreed-Upon Procedures

Cedar Cliff Local School District
Greene County
P.O. Box 45
Cedarville, Ohio 45314

To the Board of Education:

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

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Cedar Cliff Local 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 May 15, 2006.
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 of Education and is not intended to be and should not be used by anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

February 12, 2010



Mary Taylor, CPA
Auditor of State

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 11, 2010**