



**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY**

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Cambridge City School District
Guernsey County
6111 Fairdale Road
Cambridge, Ohio 43725

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Cambridge City School District, Guernsey County, Ohio (the School District), as of and for the year ended June 30, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Cambridge City School District, Guernsey County, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types and non-expendable trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 20, 2000, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the School District, taken as a whole. The accompanying Schedule of Federal Awards Receipts and Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Jim Petro
Auditor of State

December 20, 2000

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**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits:				
Assets:				
Equity in Pooled Cash and				
Cash Equivalents	\$3,975,303	\$522,333	\$92,207	\$9,647,393
Investments	8,500	0	0	0
Receivables:				
Property and Other Taxes	5,394,317	105,616	854,852	349,099
Intergovernmental	36,861	0	0	0
Interfund	12,000	0	0	0
Accrued Interest	49,603	0	0	0
Prepaid Items	6,132	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies				
Inventory	39,179	0	0	0
Restricted Assets:				
Equity in Pooled Cash and				
Cash Equivalents	235,360	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
Other Debits:				
Amount Available in Debt Service				
Fund for Retirement of				
General Obligation Bonds	0	0	0	0
Amount to be Provided from				
General Government Resources	0	0	0	0
Total Assets and Other Debits	\$9,757,255	\$627,949	\$947,059	\$9,996,492

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$22,329	\$364,973	\$387,797	\$0	\$0	\$15,012,335
0	0	0	0	0	8,500
0	0	0	0	0	6,703,884
54,729	0	0	0	0	91,590
0	0	0	0	0	12,000
0	0	0	0	0	49,603
0	0	0	0	0	6,132
6,481	0	0	0	0	6,481
24,275	0	0	0	0	63,454
0	0	0	0	0	235,360
98,110	0	0	17,656,921	0	17,755,031
0	0	0	0	288,507	288,507
0	0	0	0	9,736,426	9,736,426
<u>\$205,924</u>	<u>\$364,973</u>	<u>\$387,797</u>	<u>\$17,656,921</u>	<u>\$10,024,933</u>	<u>\$49,969,303</u>

**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000
(Continued)**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Liabilities, Fund Equity and Other Credits:				
Liabilities:				
Accounts Payable	\$78,278	\$4,212	\$0	\$12,541
Contracts Payable	0	0	0	257,370
Accrued Wages and and Benefits Payable	1,403,237	155,184	0	0
Compensated Absences Payable	15,880	0	0	0
Intergovernmental Payable	321,398	29,570	0	0
Interfund Payable	0	0	0	0
Deferred Revenue	3,768,828	79,443	658,551	247,952
Due to Students	0	0	0	0
Long Term Pension Obligation	0	0	0	0
Claims Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
	<u>5,587,621</u>	<u>268,409</u>	<u>658,551</u>	<u>517,863</u>
Total Liabilities				
Fund Equity and Other Credits:				
Investment in				
General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved (Deficit)	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	132,026	37,195	0	166,873
Reserved for Inventory	39,179	0	0	0
Reserved for Property Taxes	1,625,489	26,173	196,301	101,147
Reserved for Contributions	0	0	0	0
Reserved for Bus Purchase	36,278	0	0	0
Reserved for Budget Stabilization	199,082	0	0	0
Unreserved, Undesignated	2,137,580	296,172	92,207	9,210,609
	<u>4,169,634</u>	<u>359,540</u>	<u>288,508</u>	<u>9,478,629</u>
Total Fund Equity and Other Credits				
Total Liabilities, Fund Equity and Other Credits	<u>\$9,757,255</u>	<u>\$627,949</u>	<u>\$947,059</u>	<u>\$9,996,492</u>

See accompanying notes to the general purpose financial statements.

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$0	\$0	\$450	\$0	\$0	\$95,481
0	0	0	0	0	257,370
51,832	0	0	0	0	1,610,253
34,871	0	0	0	1,147,130	1,197,881
29,675	0	0	0	0	380,643
12,000	0	0	0	0	12,000
3,606	0	0	0	0	4,758,380
0	0	52,467	0	0	52,467
0	0	0	0	122,215	122,215
0	212,000	0	0	0	212,000
0	0	0	0	8,755,588	8,755,588
<u>131,984</u>	<u>212,000</u>	<u>52,917</u>	<u>0</u>	<u>10,024,933</u>	<u>17,454,278</u>
0	0	0	17,656,921	0	17,656,921
287,092	0	0	0	0	287,092
(213,152)	152,973	0	0	0	(60,179)
0	0	0	0	0	336,094
0	0	0	0	0	39,179
0	0	0	0	0	1,949,110
0	0	159,443	0	0	159,443
0	0	0	0	0	36,278
0	0	0	0	0	199,082
<u>0</u>	<u>0</u>	<u>175,437</u>	<u>0</u>	<u>0</u>	<u>11,912,005</u>
<u>73,940</u>	<u>152,973</u>	<u>334,880</u>	<u>17,656,921</u>	<u>0</u>	<u>32,515,025</u>
<u>\$205,924</u>	<u>\$364,973</u>	<u>\$387,797</u>	<u>\$17,656,921</u>	<u>\$10,024,933</u>	<u>\$49,969,303</u>

**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Revenues:				
Property and Other Taxes	\$4,841,696	\$61,961	\$488,738	\$464,265
Intergovernmental	9,522,603	1,759,000	30,672	1,049,058
Interest	323,599	8,570	0	277,098
Tuition and Fees	11,473	0	0	0
Rent	585	200	0	0
Extracurricular Activities	0	195,688	0	0
Gifts and Donations	1,119	8,543	0	0
Miscellaneous	27,210	10,783	0	22,871
Total Revenues	14,728,285	2,044,745	519,410	1,813,292
Expenditures:				
Current:				
Instruction:				
Regular	7,269,228	634,298	0	0
Special	1,190,973	631,806	0	0
Vocational	344,867	0	0	0
Other	83,836	0	0	0
Support Services:				
Pupils	497,372	130,176	0	0
Instructional Staff	310,160	232,940	0	0
Board of Education	256,960	0	0	0
Administration	1,467,828	59,438	0	0
Fiscal	378,758	961	7,205	0
Business	129,110	0	0	0
Operation and Maintenance of Plant	1,347,355	0	0	0
Pupil Transportation	724,412	467	0	0
Central	37,343	8,213	0	0
Non-Instructional Services	13,919	56,769	0	0
Extracurricular Activities	200,407	216,821	0	0
Capital Outlay	5,655	0	0	1,499,629
Debt Service:				
Principal	0	0	155,000	0
Interest and Fiscal Charges	0	0	86,101	148,356
Total Expenditures	14,258,183	1,971,889	248,306	1,647,985
Excess of Revenues Over Expenditures	470,102	72,856	271,104	165,307
Other Financing Sources (Uses):				
Proceeds From Sale of Bonds	0	0	0	8,231,979
Operating Transfers In	0	16,442	0	0
Operating Transfers Out	(15,000)	0	0	0
Total Other Financing Sources (Uses)	(15,000)	16,442	0	8,231,979
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	455,102	89,298	271,104	8,397,286
Fund Balances at Beginning of Year (Restated Note 3)	3,715,932	270,242	17,404	1,081,343
Decrease in Reserve for Inventory	(1,400)	0	0	0
Fund Balances at End of Year	\$4,169,634	\$359,540	\$288,508	\$9,478,629

See accompanying notes to the general purpose financial statements.

<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
<u>Expendable Trust</u>	
\$0	\$5,856,660
0	12,361,333
6,251	615,518
0	11,473
0	785
513	196,201
2,500	12,162
<u>0</u>	<u>60,864</u>
<u>9,264</u>	<u>19,114,996</u>
132	7,903,658
0	1,822,779
0	344,867
0	83,836
0	627,548
561	543,661
0	256,960
0	1,527,266
0	386,924
0	129,110
0	1,347,355
0	724,879
0	45,556
5,355	76,043
0	417,228
0	1,505,284
0	155,000
<u>0</u>	<u>234,457</u>
<u>6,048</u>	<u>18,132,411</u>
<u>3,216</u>	<u>982,585</u>
0	8,231,979
0	16,442
<u>0</u>	<u>(15,000)</u>
<u>0</u>	<u>8,233,421</u>
3,216	9,216,006
112,158	5,197,079
<u>0</u>	<u>(1,400)</u>
<u>\$115,374</u>	<u>\$14,411,685</u>

CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property and Other Taxes	\$4,842,350	\$4,818,304	(\$24,046)
Intergovernmental	9,271,781	9,492,282	220,501
Interest	352,450	381,467	29,017
Tuition and Fees	2,700	11,473	8,773
Rent	1,750	585	(1,165)
Extracurricular Activities	0	0	0
Gifts and Donations	1,500	1,119	(381)
Miscellaneous	25,012	34,942	9,930
Total Revenues	14,497,543	14,740,172	242,629
Expenditures:			
Current:			
Instruction:			
Regular	7,631,601	7,254,598	377,003
Special	1,188,422	1,186,855	1,567
Vocational	357,042	348,961	8,081
Other	124,380	99,737	24,643
Support Services:			
Pupils	514,351	506,641	7,710
Instructional Staff	345,964	317,834	28,130
Board of Education	141,110	259,006	(117,896)
Administration	1,512,836	1,494,760	18,076
Fiscal	395,363	379,842	15,521
Business	148,899	131,069	17,830
Operation and Maintenance of Plant	1,414,518	1,393,935	20,583
Pupil Transportation	783,734	727,110	56,624
Central	58,267	43,196	15,071
Non-Instructional Services	21,706	15,489	6,217
Extracurricular Activities	227,015	200,947	26,068
Capital Outlay	7,535	5,655	1,880
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	14,872,743	14,365,635	507,108
Excess of Revenues Over (Under) Expenditures	(375,200)	374,537	749,737
Other Financing Sources (Uses):			
Proceeds From Sale of Fixed Assets	600	0	(600)
Proceeds From Sale of Bonds	0	0	0
Proceeds From Sale of Notes	0	0	0
Advances Out	0	(12,000)	(12,000)
Operating Transfers In	88	0	(88)
Operating Transfers Out	(15,000)	(15,000)	0
Total Other Financing Sources (Uses)	(14,312)	(27,000)	(12,688)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(389,512)	347,537	737,049
Fund Balances at Beginning of Year	3,606,049	3,606,049	0
Prior Year Encumbrances Appropriated	69,065	69,065	0
Fund Balances at End of Year	\$3,285,602	\$4,022,651	\$737,049

See accompanying notes to the general purpose financial statements.

Special Revenue Funds			Debt Service Fund			Capital Projects Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$31,200	\$35,788	\$4,588	\$701,805	\$458,217	(\$243,588)	\$319,000	\$310,241	(\$8,759)
1,866,832	1,759,000	(107,832)	30,672	30,672	0	1,057,502	1,049,058	(8,444)
6,500	8,570	2,070	0	0	0	276,500	277,098	598
0	0	0	0	0	0	0	0	0
0	200	200	0	0	0	0	0	0
215,200	195,688	(19,512)	0	0	0	0	0	0
8,000	8,543	543	0	0	0	0	0	0
5,925	10,783	4,858	0	0	0	0	22,871	22,871
<u>2,133,657</u>	<u>2,018,572</u>	<u>(115,085)</u>	<u>732,477</u>	<u>488,889</u>	<u>(243,588)</u>	<u>1,653,002</u>	<u>1,659,268</u>	<u>6,266</u>
806,101	679,017	127,084	0	0	0	0	0	0
825,485	628,659	196,826	0	0	0	0	0	0
750	0	750	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
170,781	133,047	37,734	0	0	0	0	0	0
265,876	238,945	26,931	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
76,885	58,647	18,238	0	0	0	0	0	0
2,500	961	1,539	15,000	7,205	7,795	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
2,067	467	1,600	0	0	0	0	0	0
10,272	8,213	2,059	0	0	0	0	0	0
96,628	60,745	35,883	0	0	0	0	0	0
254,500	238,295	16,205	0	0	0	0	0	0
0	0	0	0	0	0	1,630,645	1,481,096	149,549
0	0	0	8,387,000	8,387,000	0	0	0	0
0	0	0	234,457	234,457	0	0	0	0
<u>2,511,845</u>	<u>2,046,996</u>	<u>464,849</u>	<u>8,636,457</u>	<u>8,628,662</u>	<u>7,795</u>	<u>1,630,645</u>	<u>1,481,096</u>	<u>149,549</u>
<u>(378,188)</u>	<u>(28,424)</u>	<u>349,764</u>	<u>(7,903,980)</u>	<u>(8,139,773)</u>	<u>(235,793)</u>	<u>22,357</u>	<u>178,172</u>	<u>155,815</u>
0	0	0	0	0	0	0	0	0
0	0	0	8,231,979	8,231,979	0	0	0	0
0	0	0	0	0	0	8,232,000	8,232,000	0
0	0	0	0	0	0	0	0	0
23,000	16,442	(6,558)	0	0	0	0	0	0
(13,329)	0	13,329	0	0	0	0	0	0
<u>9,671</u>	<u>16,442</u>	<u>6,771</u>	<u>8,231,979</u>	<u>8,231,979</u>	<u>0</u>	<u>8,232,000</u>	<u>8,232,000</u>	<u>0</u>
(368,517)	(11,982)	356,535	327,999	92,206	(235,793)	8,254,357	8,410,172	155,815
465,502	465,502	0	0	0	0	852,336	852,336	0
27,529	27,529	0	0	0	0	205,476	205,476	0
<u>\$124,514</u>	<u>\$481,049</u>	<u>\$356,535</u>	<u>\$327,999</u>	<u>\$92,206</u>	<u>(\$235,793)</u>	<u>\$9,312,169</u>	<u>\$9,467,984</u>	<u>\$155,815</u>

**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

	Expendable Trust Funds			Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Property and Other Taxes	\$0	\$0	\$0	\$5,894,355	\$5,622,550	(\$271,805)
Intergovernmental	0	0	0	12,226,787	12,331,012	104,225
Interest	5,810	6,251	441	641,260	673,386	32,126
Tuition and Fees	0	0	0	2,700	11,473	8,773
Rent	0	0	0	1,750	785	(965)
Extracurricular Activities	400	513	113	215,600	196,201	(19,399)
Gifts and Donations	3,150	2,500	(650)	12,650	12,162	(488)
Miscellaneous	0	0	0	30,937	68,596	37,659
Total Revenues	9,360	9,264	(96)	19,026,039	18,916,165	(109,874)
Expenditures:						
Current:						
Instruction:						
Regular	950	232	718	8,438,652	7,933,847	504,805
Special	0	0	0	2,013,907	1,815,514	198,393
Vocational	0	0	0	357,792	348,961	8,831
Other	0	0	0	124,380	99,737	24,643
Support Services:						
Pupils	0	0	0	685,132	639,688	45,444
Instructional Staff	6,080	561	5,519	617,920	557,340	60,580
Board of Education	0	0	0	141,110	259,006	(117,896)
Administration	0	0	0	1,589,721	1,553,407	36,314
Fiscal	0	0	0	412,863	388,008	24,855
Business	0	0	0	148,899	131,069	17,830
Operation and Maintenance of Plant	0	0	0	1,414,518	1,393,935	20,583
Pupil Transportation	0	0	0	785,801	727,577	58,224
Central	0	0	0	68,539	51,409	17,130
Non-Instructional Services	5,360	5,355	5	123,694	81,589	42,105
Extracurricular Activities	0	0	0	481,515	439,242	42,273
Capital Outlay	0	0	0	1,638,180	1,486,751	151,429
Debt Service:						
Principal Retirement	0	0	0	8,387,000	8,387,000	0
Interest and Fiscal Charges	0	0	0	234,457	234,457	0
Total Expenditures	12,390	6,148	6,242	27,664,080	26,528,537	1,135,543
Excess of Revenues Over (Under) Expenditures	<u>(3,030)</u>	<u>3,116</u>	<u>6,146</u>	<u>(8,638,041)</u>	<u>(7,612,372)</u>	<u>1,025,669</u>
Other Financing Sources (Uses):						
Proceeds From Sale of Fixed Assets	0	0	0	600	0	(600)
Proceeds From Sale of Bonds	0	0	0	8,231,979	8,231,979	0
Proceeds From Sale of Notes	0	0	0	8,232,000	8,232,000	0
Advances Out	0	0	0	0	(12,000)	(12,000)
Operating Transfers In	0	0	0	23,088	16,442	(6,646)
Operating Transfers Out	0	0	0	(28,329)	(15,000)	13,329
Total Other Financing Sources (Uses)	0	0	0	16,459,338	16,453,421	(5,917)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(3,030)</u>	<u>3,116</u>	<u>6,146</u>	<u>7,821,297</u>	<u>8,841,049</u>	<u>1,019,752</u>
Fund Balances at Beginning of Year	111,980	111,980	0	5,035,867	5,035,867	0
Prior Year Encumbrances Appropriated	180	180	0	302,250	302,250	0
Fund Balances at End of Year	\$109,130	\$115,276	\$6,146	\$13,159,414	\$14,179,166	\$1,019,752

**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY**

**COMBINED STATEMENT OF REVENUES,
EXPENSES, AND CHANGES IN FUND EQUITY
ALL PROPRIETARY FUND TYPES AND NON-EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Non- Expendable Trust</u>	
Operating Revenues:				
Sales	\$402,512	\$0	\$0	\$402,512
Charges for Services	0	1,337,515	0	1,337,515
Interest	0	0	11,338	11,338
Contributions	2,101	0	31,954	34,055
	<u>404,613</u>	<u>1,337,515</u>	<u>43,292</u>	<u>1,785,420</u>
Total Operating Revenues				
	<u>404,613</u>	<u>1,337,515</u>	<u>43,292</u>	<u>1,785,420</u>
Operating Expenses:				
Salaries	346,408	0	0	346,408
Fringe Benefits	129,458	0	0	129,458
Purchased Services	7,677	156,863	0	164,540
Materials and Supplies	78,977	0	165	79,142
Cost of Sales	307,270	0	0	307,270
Depreciation	15,983	0	0	15,983
Claims	0	1,144,344	0	1,144,344
Other	915	0	9,515	10,430
	<u>886,688</u>	<u>1,301,207</u>	<u>9,680</u>	<u>2,197,575</u>
Total Operating Expenses				
	<u>886,688</u>	<u>1,301,207</u>	<u>9,680</u>	<u>2,197,575</u>
Operating Income (Loss)	<u>(482,075)</u>	<u>36,308</u>	<u>33,612</u>	<u>(412,155)</u>
Non-Operating Revenues:				
Federal Donated Commodities	56,192	0	0	56,192
Interest	246	22,196	0	22,442
Operating Grants	404,340	0	0	404,340
	<u>460,778</u>	<u>22,196</u>	<u>0</u>	<u>482,974</u>
Total Non-Operating Revenues				
	<u>460,778</u>	<u>22,196</u>	<u>0</u>	<u>482,974</u>
Net Income (Loss) Before Operating Transfers	(21,297)	58,504	33,612	70,819
Operating Transfers Out	(1,442)	0	0	(1,442)
Net Income (Loss)	(22,739)	58,504	33,612	69,377
Retained Earnings/Fund Balance (Deficit) at Beginning of Year	(190,413)	94,469	185,894	89,950
Retained Earnings/Fund Balance (Deficit) at End of Year	(213,152)	152,973	219,506	159,327
Contributed Capital at Beginning and End of Year	287,092	0	0	287,092
Total Fund Equity at End of Year	<u>\$73,940</u>	<u>\$152,973</u>	<u>\$219,506</u>	<u>\$446,419</u>

See accompanying notes to the general purpose financial statements.

**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND EQUITY - BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL PROPRIETARY FUND TYPES AND NON-EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Enterprise Funds			Internal Service Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Sales	\$390,700	\$402,512	\$11,812	\$0	\$0	\$0
Charges for Services	0	0	0	1,475,000	1,337,515	(137,485)
Operating Grants	424,000	349,611	(74,389)	0	0	0
Interest	2,250	246	(2,004)	22,750	22,196	(554)
Proceeds on Sale of Fixed Assets	100	0	(100)	0	0	0
Other Revenues	6,550	2,101	(4,449)	0	0	0
Total Revenues	823,600	754,470	(69,130)	1,497,750	1,359,711	(138,039)
Expenses:						
Salaries	327,000	332,313	(5,313)	0	0	0
Fringe Benefits	129,162	138,633	(9,471)	1,174,344	1,174,344	0
Purchased Services	3,500	8,551	(5,051)	341,156	157,363	183,793
Materials and Supplies	374,793	330,484	44,309	0	0	0
Capital Outlay	42,260	8,326	33,934	0	0	0
Other	325	915	(590)	0	0	0
Total Expenses	877,040	819,222	57,818	1,515,500	1,331,707	183,793
Excess of Revenues Over (Under) Expenses	(53,440)	(64,752)	(11,312)	(17,750)	28,004	45,754
Operating Transfers In	2,500	0	(2,500)	0	0	0
Advances In	0	12,000	12,000	0	0	0
Operating Transfers Out	0	(1,442)	(1,442)	0	0	0
Excess of Revenues Over (Under) Expenses, Advances and Operating Transfers	(50,940)	(54,194)	(3,254)	(17,750)	28,004	45,754
Fund Equity at Beginning of Year	74,234	74,234	0	335,219	335,219	0
Prior Year Encumbrances Appropriated	1,053	1,053	0	1,750	1,750	0
Fund Equity at End of Year	\$24,347	\$21,093	(\$3,254)	\$319,219	\$364,973	\$45,754

See accompanying notes to the general purpose financial statements.

Non-Expendable Trust Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$390,700	\$402,512	\$11,812
0	0	0	1,475,000	1,337,515	(137,485)
0	0	0	424,000	349,611	(74,389)
10,650	11,338	688	35,650	33,780	(1,870)
0	0	0	100	0	(100)
<u>5,250</u>	<u>31,954</u>	<u>26,704</u>	<u>11,800</u>	<u>34,055</u>	<u>22,255</u>
<u>15,900</u>	<u>43,292</u>	<u>27,392</u>	<u>2,337,250</u>	<u>2,157,473</u>	<u>(179,777)</u>
0	0	0	327,000	332,313	(5,313)
0	0	0	1,303,506	1,312,977	(9,471)
0	0	0	344,656	165,914	178,742
498	379	119	375,291	330,863	44,428
0	0	0	42,260	8,326	33,934
<u>9,700</u>	<u>9,065</u>	<u>635</u>	<u>10,025</u>	<u>9,980</u>	<u>45</u>
<u>10,198</u>	<u>9,444</u>	<u>754</u>	<u>2,402,738</u>	<u>2,160,373</u>	<u>242,365</u>
5,702	33,848	28,146	(65,488)	(2,900)	62,588
0	0	0	2,500	0	(2,500)
0	0	0	0	12,000	12,000
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,442)</u>	<u>(1,442)</u>
5,702	33,848	28,146	(62,988)	7,658	70,646
185,649	185,649	0	595,102	595,102	0
<u>248</u>	<u>248</u>	<u>0</u>	<u>3,051</u>	<u>3,051</u>	<u>0</u>
<u>\$191,599</u>	<u>\$219,745</u>	<u>\$28,146</u>	<u>\$535,165</u>	<u>\$605,811</u>	<u>\$70,646</u>

**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND NON-EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Proprietary Fund Types			Total (Memorandum Only)
	Enterprise	Internal Service	Non-Expendable Trust	
Increase (Decrease) in Cash and Cash Equivalents:				
Cash Flows from Operating Activities:				
Cash Received from Customers	\$402,512	\$0	\$0	\$402,512
Cash Received from Contributions and Donations	0	0	31,954	31,954
Cash Received from Quasi-External				
Transactions with Other Funds	0	1,337,515	0	1,337,515
Cash Received from Other Operating Revenues	2,101	0	0	2,101
Cash Payments to Suppliers for Goods and Services	(337,996)	(157,363)	(165)	(495,524)
Cash Payments for Employees Services	(332,313)	0	0	(332,313)
Cash Payments for Employee Benefits	(138,433)	0	0	(138,433)
Cash Payments for Other Operating Expenses	(915)	0	(9,065)	(9,980)
Cash Payments for Claims	0	(1,174,344)	0	(1,174,344)
Net Cash Provided by (Used) for Operating Activities	<u>(405,044)</u>	<u>5,808</u>	<u>22,724</u>	<u>(376,512)</u>
Cash Flows from Noncapital Financing Activities:				
Operating Grants Received	349,611	0	0	349,611
Advance In	12,000	0	0	12,000
Operating Transfers Out	(1,442)	0	0	(1,442)
Net Cash Provided by Noncapital Financing Activities	<u>360,169</u>	<u>0</u>	<u>0</u>	<u>360,169</u>
Cash Flows from Capital and Related Financing Activities:				
Payments for Capital Acquisitions	(8,326)	0	0	(8,326)
Cash Flows from Investing Activities:				
Interest	246	22,196	11,338	33,780
Net Increase (Decrease) in Cash and Cash Equivalents	(52,955)	28,004	34,062	9,111
Cash and Cash Equivalents at Beginning of Year	75,284	336,969	185,894	598,147
Cash and Cash Equivalents at End of Year	<u>\$22,329</u>	<u>\$364,973</u>	<u>\$219,956</u>	<u>\$607,258</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss)	(482,075)	36,308	33,612	(412,155)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	15,983	0	0	15,983
Donated Commodities Used During Year	56,192	0	0	56,192
Non-Expendable Trust Fund Interest	0	0	(11,338)	(11,338)
Changes in Assets and Liabilities:				
Decrease in Inventory Held for Resale	11,450	0	0	11,450
Increase in Materials and Supplies Inventory	(100)	0	0	(100)
Increase/(Decrease) in Accounts Payable	0	(500)	450	(50)
Decrease in Accrued Wages	(3,056)	0	0	(3,056)
Increase in Compensated Absences Payable	14,305	0	0	14,305
Decrease in Intergovernmental Payable	(6,129)	0	0	(6,129)
Decrease in Claims Payable	0	(30,000)	0	(30,000)
Decrease in Deferred Revenue	(11,614)	0	0	(11,614)
Total Adjustments	<u>77,031</u>	<u>(30,500)</u>	<u>(10,888)</u>	<u>35,643</u>
Net Cash Provided by (Used for) Operating Activities	<u>(\$405,044)</u>	<u>\$5,808</u>	<u>\$22,724</u>	<u>(\$376,512)</u>
Reconciliation of Non-Expendable Trust Fund Cash and Cash Equivalents to Balance Sheet:				
Cash and Cash Equivalents - All Fiduciary Funds		\$387,797		
Cash and Cash Equivalents - Expendable Trust and Agency Funds		(167,841)		
Cash and Cash Equivalents - Non-Expendable Trust Fund		<u>\$219,956</u>		

See accompanying notes to the general financial statements.

**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

1. DESCRIPTION

The Cambridge City School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by State statute and/or federal guidelines. The board controls the School District's eight instructional facilities and one support facility staffed by 93 non-certified employees and 232 certificated full time teaching personnel who provide services to 2,828 students and other community members. The School District is located in Cambridge, Ohio. Cambridge City School District operated six elementary schools, one junior high school and one high school.

A. Reporting Entity:

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

1. Component Units

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

2. Jointly Governed Organizations

The School District is associated with two jointly governed organizations, the Ohio Mid-Eastern Educational Service Agency and the Mid-East Ohio Joint Vocational School and, the Ohio School Boards Association Workers' Compensation Group Rating Plan which is defined as a group insurance purchasing pool. These organizations are presented in Notes 19 and 20 to the general purpose financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis Of Presentation - Fund Accounting

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary, and fiduciary.

1. Governmental Fund Types:

Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use, and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds and trust funds) are accounted for through governmental funds. The following are the School District's governmental fund types:

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.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Fund

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

Capital Projects Funds

The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds).

**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis Of Presentation - Fund Accounting (Continued)

2. Proprietary Fund Types:

Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The following is the School District's proprietary fund type:

Enterprise Fund

Enterprise funds are used to account for School District activities that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Fund

This fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis.

3. Fiduciary Fund Types:

These funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and other funds. These include expendable trust funds, non-expendable trust funds, and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Non-Expendable trust funds are accounted for in essentially the same manner as proprietary funds; the principal of the trust must be preserved intact. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

4. Account Groups:

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group

This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary funds.

**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis Of Presentation - Fund Accounting (Continued)

4. Account Groups: (Continued)

General Long-Term Obligations Account Group

This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary funds.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds and non-expendable trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental, expendable trust and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available as an advance, interest, tuition, grants, and student fees.

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue.

**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

B. Measurement Focus and Basis of Accounting (Continued)

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund type and the non-expendable trust fund type. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level within each fund. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Advances in and advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid. The School District does not budget for advances.

1. Tax Budget

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the Guernsey County Budget Commission for rate determination.

**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Process (Continued)

2. Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2000.

3. Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures for all funds, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education. The treasurer allocates the Board's appropriations to the function and object level.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations.

Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

4. Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Cash and Cash Equivalents/Investments

1. Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

To improve cash management, all cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet. During fiscal year 2000, investments were limited to STAROhio, common stock and repurchase agreements.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings.

Interest revenue was credited during fiscal year 2000 to the following funds: general; outdoor education, public support, student activities, auxiliary services special revenue funds; permanent improvement and school facility construction capital projects funds; food service enterprise fund; self-insurance internal service fund; and trust funds. Interest assigned to the general fund from other funds amounted to \$119,902.

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

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2000. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2000.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents.

E. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses and amounts required by statute to be set-aside by the School District to create a reserve for budget stabilization. See Note 22 for additional information regarding the School District's set-aside requirements.

**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Estimates

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

G. Inventory

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2000, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

I. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed 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 three hundred dollars. The School District does not have any infrastructure.

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 capitalized. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life of five to twenty years.

**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

The School District currently participates in several State and Federal programs, categorized as follows:

Entitlements

General Fund

- State Foundation Program
- State Property Tax Relief
- School Bus Purchase Reimbursement
- Equity Funds

Non-Reimbursable Grants

Special Revenue Funds

- Dwight D. Eisenhower
- Education Management Information Systems
- Disadvantaged Pupil Impact Aid
- Title I
- Title VI

Non-Reimbursable Grants (Continued)

Special Revenue Funds (Continued)

- Textbook Subsidy
- Technology Equity
- Title VI-B
- Drug-Free Schools
- Professional Development Block Grant
- Conflict Management
- Auxiliary Services
- Deaf Studies Grant
- Continuous Improvement Grant
- School Net Proficiency Development
- Ohio Reads
- Safe School Helpline
- Title IVR
- Tutorial Assistance

Capital Projects Funds

- Power Up
- Interactive Video Distance Learning

Reimbursable Grants

General Fund

- Driver Education

**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Intergovernmental Revenues (Continued)

Capital Projects Funds

School Net Plus
Library Automation
Federal Emergency Management
Emergency Repair

Proprietary Funds

National School Lunch Program
National School Breakfast Program
Government Donated Commodities

Grants and entitlements amounted to approximately sixty percent of the School District's operating revenue during the 2000 fiscal year.

K. Interfund Assets/Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables" and "interfund payables".

L. 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.

In accordance with the provisions of GASB Statement No. 16, Accounting for Compensated Absences, a liability for vacation leave is accrued if a) the employees rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for benefits through paid time off or other means, such as cash payment at termination or retirement. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible in the future, employees with accumulated unused sick leave for certified and administrative employees after 15 years of current service with the School District and classified employees after 5 years of current service based on historical employment trends and negotiated agreements.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after year-end are considered not to have been paid with current financial resources. Bonds are reported as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary fund operations are reported as liabilities in the appropriate proprietary funds.

N. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers

O. 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, inventories of supplies and materials, property taxes, budget stabilization, school bus purchases and contributions. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute.

The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures. The reserve for contributions signifies the legal restrictions on the use of principal.

P. Contributed Capital

Contributed capital represents resources from other funds, other governments, and private sources provided to proprietary funds that is not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end. There was no change in contributed capital during this fiscal year.

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1996, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.

**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Bond Discounts, Premiums, and Issuance Cost

When the proceeds from general obligation debt are placed in a governmental fund type, any bond issuance costs are shown as expenditures within the fund the bonds are issued. Any premium or discount is included in "Other Financing Sources - Proceeds from Sale of Bonds" on the Statement of Revenues, Expenditures, and Changes in Fund Balance. The long term debt that appears in the general long-term obligations account group is reported at the bond's face value, plus any accretion associated with the School District's bond issue.

R. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Total - (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

3. PRIOR PERIOD RESTATEMENTS

A fund reclassification is required for the Technology Equity Fund which should be reported as a Capital Projects Fund from a Special Revenue Fund. The effect of this fund reclassification on fund balances is as follows:

	Special Revenue	Capital Projects
Fund Balance as Previously Reported	\$284,947	\$1,066,638
Fund Reclassification	(\$14,705)	\$14,705
Restated Fund Balance at July 1, 1999	\$270,242	1,081,343

4. FUND DEFICIT

At June 30, 2000 the following funds had a deficit fund balance or deficit retained earnings.

	Deficit Fund Balance	Deficit Retained Earnings
<u>Special Revenue Funds:</u>		
Disadvantaged Pupil Impact Aid	\$34,614	
Chapter I	29,418	
<u>Enterprise Fund:</u>		
Food Service		\$234,022

The deficits in the special revenue funds are largely the result of the recognition of liabilities in accordance with generally accepted accounting principles. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

4. FUND DEFICIT (Continued)

The enterprise fund retained earnings deficit resulted from the application of generally accepted accounting principles. The School District will review the operations to determine if steps need to be taken to insure that the funds are self-sustaining.

5. BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances/retained earnings 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 Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types and Expendable Trust Funds and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual - All Proprietary Fund Types and Non-Expendable Trust Funds are 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/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Proceeds from and principal payments on short-term note obligations are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
6. Principal and interest payments on notes and the corresponding revenues are reported in a debt service fund (budget basis) rather than in the fund that received the proceeds (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

5. BUDGETARY BASIS OF ACCOUNTING (Continued)

**Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
All Governmental Fund Types and Expendable Trust Funds**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
GAAP Basis	\$455,102	\$89,298	\$271,104	\$8,397,286	\$3,216
Revenue Accruals	18,649	(26,173)	(30,521)	(154,024)	
GASB 31 Adjustment	(6,762)				
Expenditure Accruals	76,185	(33,700)		197,947	(100)
Advances	(12,000)				
Note Proceeds				8,232,000	
Principal Payment			(8,232,000)		
Interest and Fiscal Charges			(148,356)	148,356	
Bond Proceeds			8,231,979	(8,231,979)	
Prepaid Items	6,132				
Encumbrances	(189,769)	(41,407)		(179,414)	
Budget Basis	<u>\$347,537</u>	<u>(\$11,982)</u>	<u>\$92,206</u>	<u>\$8,410,172</u>	<u>\$3,116</u>

**Net Income (Loss)/Excess of Revenues
Over (Under) Expenses
All Proprietary Fund Types and Non-Expendable Trust Funds**

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Non- Expendable Trust</u>
GAAP Basis	(\$22,739)	\$58,504	\$33,612
Revenue Accrual	(54,729)		
Expense Accrual	(6,494)	(30,500)	450
Depreciation	15,983		
Capital Outlay	(8,326)		
Advance In	12,000		
Materials and Supplies Inventory	(100)		
Inventory Held for Resale	11,450		
Encumbrances	(1,239)		(214)
Budget Basis	<u>(\$54,194)</u>	<u>\$28,004</u>	<u>\$33,848</u>

**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

6. EQUITY IN POOLED CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

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

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

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

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

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

1. United States treasury notes, bills, bonds, 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 obligations or securities 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 provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);and

**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

6. EQUITY IN POOLED CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

7. Certain banker's acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.

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

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements."

Deposits: At fiscal year end, the carrying amount of the School District's deposits were \$12,420,085 and the bank balance was \$15,820,788.

1. \$200,000 of the bank balance was covered by federal depository insurance; and
2. \$15,620,788 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District held to a successful claim by the FDIC.

6. EQUITY IN POOLED CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Investments: The School District's investments are categorized below to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counter party's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter party, or by its trust department or agent but not in the School District's name. STAROhio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category 2	Category 3	Uncategorized	Reported Amount	Fair Value
Common Stock	\$8,500	\$0	\$0	\$8,500	\$8,500
Repurchase Agreement	0	2,409,672	0	2,409,672	2,409,672
STAROhio	0	0	417,938	417,938	417,938
Total	\$8,500	\$2,409,672	\$417,938	\$2,836,110	\$2,836,110

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Government Entities That Use Proprietary Fund Accounting."

**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

6. EQUITY IN POOLED CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

A reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and the classification of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$15,247,695	\$8,500
Investments:		
Repurchase Agreement	(2,409,672)	2,409,672
STAROhio	(417,938)	417,938
GASB Statement 3	\$12,420,085	\$2,836,110

7. PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2000 for real and public utility property taxes represents collections of calendar 1999 taxes. Property tax payments received during calendar 2000 for tangible personal property (other than public utility property) is for calendar 2000 taxes.

2000 real property taxes are levied after April 1, 2000, on the assessed value as of January 1, 2000, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2000 public utility property taxes became a lien December 31, 1999, are levied after April 1, 2000 and are collected in 2001 with real property taxes.

2000 tangible personal property taxes are levied after April 1, 1999, on the value as of December 31, 2000. Collections are made in 2000. Tangible personal property assessments are twenty-five percent of true value.

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

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

7. PROPERTY TAXES (Continued)

The assessed values upon which fiscal year 2000 taxes were collected are:

	1999 Second- Half Collections		2000 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$120,218,940	72.63%	\$121,836,860	73.31%
Public Utility	19,920,430	12.04%	18,413,210	11.08%
Tangible Personal Property	25,380,110	15.33%	25,948,450	15.61%
Total Assessed Value	\$165,519,480	100.00%	\$166,198,520	100.00%
Tax rate per \$1,000 of assessed valuation	\$40.30		\$44.35	

The School District receives property taxes from Guernsey 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, 2000 are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding, real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2000. Taxes receivable at June 30, 2000, is greater than actual tax revenue for fiscal year 2000 due to the School District realizing the first full year of collections for the levy monies related to the classroom facilities bond issue. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations.

The amount available as an advance, at June 30, 2000 was \$1,949,110 and is recognized as revenue. \$1,625,489 was available to the General Fund, \$26,173 was available to the Special Revenue Fund, \$196,301 was available to the Debt Service Fund, and \$101,147 was available to the Capital Projects Fund. At June 30, 1999, \$1,715,000 was available to the School District. \$1,602,097 was available to the General Fund, \$17,403 was available to the Debt Service Fund, and \$95,500 was available to the Capital Project Fund.

**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

8. RECEIVABLES

Receivables at June 30, 2000, consisted of property taxes, accounts, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

Fund/Description	Amounts
<u>General Fund</u>	
Miscellaneous Reimbursements and Tuition	\$36,861
<u>Enterprise Fund</u>	
School Lunch	54,729
Total Intergovernmental Receivables	\$91,590

9. FIXED ASSETS

A. General Fixed Asset Account Group

A summary of the changes in general fixed assets during fiscal year 2000 follows:

Asset Category	Balance at 07/01/99	Additions	Deletions	Balance at 6/30/00
Land and Improvements	\$186,846	\$0	\$0	\$186,846
Buildings and Improvements	13,112,599	123,509		13,236,108
Furniture and Fixtures	1,257,299	137,072		1,394,371
Machinery and Equipment	1,789,656	528,546		2,318,202
Vehicles	444,949	124,916	48,471	521,394
Total General Fixed Assets	\$16,791,349	\$914,043	\$48,471	\$17,656,921

B. Enterprise Fund

A summary of the Enterprise Fund fixed assets during fiscal year 2000 follows:

Furniture and Equipment	\$387,005
Less Accumulated Depreciation	(288,895)
Net Fixed Assets	\$98,110

10. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2000 the School District contracted with Nationwide Insurance for property and fleet insurance, boiler and machinery coverage, and professional liability. The policies carry a \$5,000,000 aggregate limit.

**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

10. RISK MANAGEMENT (Continued)

Vehicles are covered by Nationwide Insurance Company and hold a \$50 deductible for comprehensive and a \$250 deductible for collision. Automobile liability has a \$2,000,000 combined single limit of liability.

A \$50,000 performance bond is maintained for the treasurer, while \$20,000 performance bonds are maintained for the superintendent and board president.

All other employees are covered by a \$20,000 blanket bond. All bonds are held through the Ohio Farmers Insurance Companies.

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

For fiscal year 2000, the School District participated in the Ohio School Boards Association Workers Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 20). 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 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 Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

The School District maintains a self-funded insurance program through Medical Claims Service for dental and medical coverage. The dental coverage premiums are \$33.90 monthly for family and single coverage and is offered to all School District employees. This health insurance option is only offered to the certified and administrative employees of the School District. The School District is responsible for payment of all claim amounts in excess of the employees' payment percentages established in the plan document.

Premiums for the dental and medical coverage are paid to a third party administrator, Medical Claims Service, Inc. The claims are processed by the third party administrator and monitored by a School District insurance administrator in conjunction with the third party administrator. The self-insurance internal service fund allocates the cost of providing claims servicing and claims payments by charging a monthly premium, per individual, to the various funds of the School District. These premiums go into the self-insurance internal service fund. Claims and contract services are paid from the self-insurance internal service fund. The claims liability of \$212,000 reported in the internal service fund at June 30, 2000, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by the increased claims adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. A summary of the funds' claims liability in 1999 and 2000 was:

**CAMBRIDGE CITY SCHOOL DISTRICT
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

10. RISK MANAGEMENT (Continued)

	<u>Balance at 07/01/99</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at 06/30/00</u>
1999	\$252,000	\$1,192,581	\$1,202,581	\$242,000
2000	\$242,000	\$1,144,344	\$1,174,344	\$212,000

11. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit 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 state statute Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2000, 5.5 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, up to a statutory maximum amount, by the SERS Retirement Board. The School Districts required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998, were \$101,734, \$152,900, and \$193,458, respectively; 33.34 percent has been contributed for fiscal year 2000, and 100 percent for the fiscal years 1999 and 1998. \$67,820 represents the unpaid contribution for fiscal year 2000, and is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

11. DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System (Continued)

For the fiscal year ended June 30, 2000, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School Districts required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998, were \$533,853, \$454,067 and \$844,641, respectively; 80.48 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$104,234 represents the unpaid contribution for fiscal year 2000, and is recorded as a liability within the respective funds.

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, 2000, one member of the Board of Education has elected Social Security. The Board's liability is 6.2 percent of wages paid.

12. POST-EMPLOYMENT BENEFITS

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium.

By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$711,805 for fiscal year 2000.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1999, (the latest information available) the balance in the Fund was \$2,783 million. For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

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

**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

12. POST-EMPLOYMENT BENEFITS (Continued)

After the allocation for basic benefits, the remainder of the employers 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2000, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase from 6.3 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the members pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay was established as \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2000 fiscal year equaled \$184,695.

The surcharge added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1999, (the latest information available) were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188.0 million. SERS has approximately 51,000 participants currently receiving health care benefits.

13. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees, and administrators who are contracted to work 260 days per year, earn ten to twenty-five days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who work less than 260 days per year do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 230 days for certified employees and 240 days for classified employees.

Upon retirement, certificated employees receive payment for one-fourth of the total sick leave accumulation up to a maximum of 160 unused sick leave days, or a maximum payment of 40 days, plus one day of severance pay for each ten days of accumulated sick leave beyond 160 days. An estimate of probable future payments for sick leave was made based upon historical employment information.

Upon retirement, classified employees, after 5 years of service, receive payment for one-third of the total sick leave accumulation, up to a maximum of 105 unused sick leave days, or a maximum payment of 35 days plus one day of sick leave for each 20 days of accumulated sick leave beyond 105 days.

B. Health/Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Unum Life Insurance Company, in the amount of \$30,000 for classified employees, \$25,000 for certified employees and \$100,000 for administrators.

The School District participates in a health maintenance organization, Preferred Health Plans. Premiums for this coverage are \$244.49 for single coverage, and \$635.68 for family coverage. All premiums are paid to United Health Care of Ohio, Inc. This option is offered only to classified employees.

**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

14. CONTRACTUAL COMMITMENTS

The School District has started the beginning phases of the Classroom Facilities Program and has the following outstanding commitments at June 30, 2000:

Project	Spent to Date	Commitment Remaining
Classroom Facilities Program - Design Phases	\$577,431	\$2,912,671

The future construction of the School District's new school buildings in accordance with the School Facilities Commission project are the commitments of the School District's Capital Projects Fund. This project is being funded by the proceeds of \$8,231,979 in general obligation bonds issued by the School District with the remaining portion funded through the Ohio School Facilities Commission. As of June 30, 2000, the School District recognized contracts payable in the amount of \$257,530 regarding this project.

15. NOTES PAYABLE

On January 12, 2000, the School District issued classroom facilities bond anticipation notes for \$8,232,000. The notes were issued for a five month period with maturity on June 1, 2000. The bond anticipation notes were retired from the school facilities construction capital projects fund with proceeds from the classroom facilities general obligation bond issue.

16. LONG TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2000 were as follows:

	Interest Rates	Balance at 6/30/99	Additions	Reductions	Balance at 6/30/00
<u>General Obligation Bonds</u>					
1993 Energy Conservation	4.87%	\$675,000	\$0	\$155,000	\$520,000
2000 School Facility	4.20-5.75%		8,235,588		8,235,588
Total Long Term Bonds		<u>675,000</u>	<u>8,235,588</u>	<u>155,000</u>	<u>8,755,588</u>
<u>Other Long Term Obligations</u>					
Intergovernmental Payable		129,034	122,215	129,034	122,215
Compensated Absences		964,626	556,796	374,292	1,147,130
Total General Long-Term Obligations		<u>\$1,768,660</u>	<u>\$8,914,599</u>	<u>\$658,326</u>	<u>\$10,024,933</u>

A. Energy Conservation Bonds

On May 1, 1993, the Cambridge City School District issued \$1,470,000 in unvoted general obligation bonds for the purpose of providing energy conservation measures for the School District, under the authority of Ohio Revised Code Sections 133.06(G) and 3313.372. The notes were issued for a ten year period with final maturity during fiscal year 2003. The loan will be paid from energy savings realized from the energy conservation measures transferred from the general fund to the debt service fund.

**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

16. LONG TERM OBLIGATIONS (Continued)

B. Classroom Facilities General Obligation Bonds

On April 18, 2000, the Cambridge City School District issued \$8,231,979 in voted general obligation bonds to pay the local share of the school construction under the State of Ohio Classroom Facilities Assistance Program. The bonds were issued for a twenty three year period with final maturity at December 1, 2022. The liability for the bonds is recorded in the General Long-Term Obligations Account Group with annual principal and interest requirements retired from the debt service fund. Principal outstanding including the accretion at June 30, 2000, amounted to \$8,641,391. The bond issue consist of serial, term , and capital appreciation bonds. The term bonds that mature in the year 2020 are subject to mandatory sinking fund redemption.

1. Sinking Fund Redemption

The mandatory sinking fund redemption is to occur on December 1, 2016, and on each December 1 thereafter at 100 percent of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2016	\$455,000
2017	\$480,000
2018	\$510,000
2019	\$540,000

2. Term Bonds

The term bonds due December 1, 2022 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2021, and on each December 1 thereafter at 100 percent of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2021	\$600,000

The term bonds maturing on December 1, 2011 and thereafter are subject to optional redemption, in whole or in part on any date in order of maturity as determined by the School District and by lot within a maturity, at the option of the Board of Education on or after December 1, 2010.

3. Capital Appreciation Bonds

The capital appreciation bonds mature December 1, 2007 and 2008. These bonds were purchased at a discount at the time of issuance and, at maturity all compound interest is paid and the bond holder collects the face value.

**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

16. LONG TERM OBLIGATIONS (Continued)

B. Classroom Facilities General Obligation Bonds (Continued)

Since the interest associated with these bonds is earned and compounded semiannually, the value of the bond increases in proportion to the interest. Therefore, as the value increases, the accretion is recorded as principal. The accretion amount for fiscal year 2000 is \$3,609.

The following is a summary of the School District's annual debt service principal and interest payments, including the accretion of \$405,803 for the capital appreciation bonds, regarding the outstanding general obligation debt, as follows:

	<u>Energy Conservation Bonds</u>			<u>School Facility Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$165,000	\$27,055	\$192,055	\$211,509	\$425,678	\$637,187
2002	175,000	18,640	193,640	225,713	417,765	643,478
2003	180,000	9,540	189,540	245,580	408,866	654,446
2004				266,109	398,875	664,984
2005				302,540	387,587	690,127
2006-2010				1,309,940	1,789,688	3,099,628
2011-2015				1,855,000	1,456,230	3,311,230
2016-2020				435,000	876,815	1,311,815
2021-2025				<u>3,790,000</u>	<u>159,275</u>	<u>3,949,275</u>
Total	<u>\$520,000</u>	<u>\$55,235</u>	<u>\$575,235</u>	<u>\$8,641,391</u>	<u>\$6,320,779</u>	<u>\$14,962,170</u>

The School District's overall legal debt margin was \$8,524,095 with an unvoted debt margin of \$331,718 at June 30, 2000.

C. Other Long Term Obligations

Compensated absences and the pension obligation, which represents contractually required pension contributions will be paid from the funds which the employees' salaries are paid.

17. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the Cambridge City School District as of and for the fiscal year ended June 30, 2000.

**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

17. SEGMENT INFORMATION FOR ENTERPRISE FUNDS (Continued)

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$359,418	\$45,195	\$404,613
Operating Expense before Depreciation	828,445	42,260	870,705
Depreciation Expense	15,983		15,983
Operating Income/(Loss)	(485,010)	2,935	(482,075)
Donated Commodities	56,192		56,192
Operating Grants	404,340		404,340
Interest	246		246
Transfer Out		1,442	1,442
Net Income (Loss)	(24,232)	1,493	(22,739)
Fixed Asset Additions	8,326		8,326
Net Working Capital	(45,040)	20,870	(24,170)
Total Assets	185,054	20,870	205,924
Total Liabilities	131,984		131,984
Contributed Capital	287,092		287,092
Total Equity	53,070	20,870	73,940
Encumbrances at June 30, 2000	\$349	\$890	\$1,239

18. INTERFUND ACTIVITY

As of June 30, 2000 receivables and payables that resulted from various interfund transactions were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$12,000	
Proprietary Fund		
Food Service		\$12,000
Total Proprietary Fund		12,000
Total All Funds	<u>\$12,000</u>	<u>\$12,000</u>

**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

19. JOINTLY GOVERNED ORGANIZATIONS

A. Ohio Mid-Eastern Regional Education Service Agency

The School District is a participant in the Ohio Mid-Eastern Regional Education Service Agency (OME-RESA) which is a computer consortium. OME-RESA is an association of public school districts within the boundaries of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Noble, and Tuscarawas Counties. 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 total amount paid to the Ohio Mid-Eastern Regional Education Service Agency from the School District for fiscal year 2000 was \$37,238.

The governing board of OME-RESA is selected by the member districts. OME-RESA possesses its own budgeting, appropriating, contracting and designating management. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

B. Mid-East Ohio Joint Vocational School District

The Mid-East Ohio Joint Vocational School District is a jointly governed organization providing vocational services to its thirteen member school districts. The joint vocational school is governed by a board of education comprised of thirteen members appointed by the participating schools and county boards of education. The continued existence of the joint vocational school is not dependent on the Cambridge City School District's continued participation and no equity interest exists. The total amount paid to the Mid-East Ohio Joint Vocational School District for fiscal year 2000 was \$588.

20. INSURANCE PURCHASING POOL

A. Ohio School Boards Association Workers' Compensation Group Rating Plan

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

21. STATE SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$9,038,970 of school foundation monies to support for its general fund.

In addition, the Court declared the classroom facilities program unconstitutional, because, in the Court's opinion, the program had not been sufficiently funded by the State. The classroom facilities program provided money to build schools and furnish classrooms. As of June 30, 2000, the School District had received a total of \$991,718 under this program.

**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

21. STATE SCHOOL FUNDING DECISION (Continued)

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution.

The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The court concluded, "...the mandate of the (Ohio) constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the court's March 24, 1997, decision, however, it found seven "... major areas warrant further attention, study, and development by the General Assembly...", including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial statements.

22. SET-ASIDE CALCULATIONS AND FUND RESERVES

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. In addition, the School District is required to set aside money for budget stabilization. The School District also receives money designated for school bus purchases, and as of fiscal year 2000 all school bus purchase money has been expended.

The School District had qualifying disbursements and offsets during the year that reduced the set aside amounts below zero. These extra amounts may be used to reduce the set aside requirements in future years. The total reserve balance for the three set-asides at the end of the fiscal year was \$199,082.

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

**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

22. SET-ASIDE CALCULATIONS AND FUND RESERVES (Continued)

	<u>Textbook Reserve</u>	<u>Capital Maintenance Reserve</u>	<u>Budget Stabilization Reserve</u>
Set Aside Cash Balances as of June 30, 1999	\$0	\$0	\$199,082
Current Year Set Aside Requirement	320,592	320,592	
Current Year Offsets		(371,214)	
Qualifying Disbursements	(412,922)	(180,137)	
Set-Aside Balance Carried Forward to Future Years	<u>\$(92,330)</u>	<u>\$(230,759)</u>	<u>\$199,082</u>
Set-Aside Reserve Balance as of June 30, 2000	\$0	\$0	\$199,082

23. CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2000.

B. Litigation

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

**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Pass-Through Entity Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Child Nutrition Cluster						
Food Distribution Program	10.550	N/A	\$0	\$54,230	\$0	\$56,192
School Breakfast Program	10.553	043695-05-PU-0099/00	66,239		66,239	
National School Lunch Program	10.555	043695-03/04-PU-00-99/00	259,504		259,504	
Total United States Department of Agriculture - Nutrition Cluster			<u>325,743</u>	<u>54,230</u>	<u>325,743</u>	<u>56,192</u>
UNITED STATES DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Grants to Local Educational Agencies (ESEA Title I)	84.010	043695-C1-S1/SD-99/00	644,464		655,422	
Special Education Grants to States (IDEA Part B)	84.027	043695-6B-SF-98P/99P	214,572		182,594	
Drug Free Schools and Communities Act	84.186	043695-DR-S1-00	10,165		11,820	
Goals 2000 - State and Local Education Systematic Improvement Grants	84.276	043695-GS-S4-98			141	
Eisenhower Professional Development Grant	84.281	043695-MS-S1-00	16,716		22,961	
Innovative Education Program Strategies	84.298	043695-C2-S1-99C/00	12,475		8,212	
Reading Excellence Tutorial Assistance	84.338	043695-CR-S1-00	10,842			
Title VI of ESEA - Class Size Reduction	84.340	043695-RN-S2-00	93,752		59,401	
Total United States Department of Education			<u>1,002,986</u>		<u>940,551</u>	
UNITED STATES DEPARTMENT OF LABOR						
<i>Passed Through Ohio Department of Education:</i>						
Employment Services Job Training Pilot and Demonstration Programs	17.249	043695-WK-BE-98			12,592	
Total United States Department of Labor					<u>12,592</u>	
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES						
<i>Passed Through Ohio Department of Mental Retardation & Developmental Disabilities:</i>						
Medical Assistance Program - Community Alternative Funding System (CAFS)	93.778	N/A	23,916		23,916	
Total United States Department of Health and Human Services			<u>23,916</u>		<u>23,916</u>	
Total Federal Awards Receipts and Expenditures			<u>\$1,352,645</u>	<u>\$54,230</u>	<u>\$1,302,802</u>	<u>\$56,192</u>

The accompanying notes to this schedule are an integral part of this schedule.

**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2000, the School District had no significant food commodities in inventory.



**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Cambridge City School District
Guernsey County
6111 Fairdale Road
Cambridge, Ohio 43725

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Cambridge City School District, Guernsey County, Ohio (the School District), as of and for the year ended June 30, 2000, and have issued our report thereon dated December 20, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the School District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the School District in a separate letter dated December 20, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the School District in a separate letter dated December 20, 2000.

Cambridge City School District
Guernsey County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page -2-

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

Jim Petro
Auditor of State

December 20, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Athens Mall, Suite B
Athens, Ohio 45701

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800-441-1389

Facsimile 740-594-2110

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

Cambridge City School District
Guernsey County
6111 Fairdale Road
Cambridge, Ohio 43725

To the Board of Education:

Compliance

We have audited the compliance of the Cambridge City School District, Guernsey County, Ohio (the School District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2000. The School District's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2000.

Internal Control over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over federal compliance that does not require inclusion in this report, that we have reported to the management of the School District in a separate letter dated December 20, 2000.

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

Jim Petro
Auditor of State

December 20, 2000.

**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

1. SUMMARY OF AUDITOR'S RESULTS
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(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Title I, C.F.D.A 84.010
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .315 (b)
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-11030-001	The School District had expenditures plus encumbrances which exceeded appropriations in violation of Ohio Rev. Code Section 5705.41(B)	Yes	N/A.
1999-11030-002	School District funds were uncollateralized in violation of Ohio Rev. Code Section 135.18.	Yes	N/A.



STATE OF OHIO
OFFICE OF THE AUDITOR

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CAMBRIDGE CITY SCHOOL DISTRICT

GUERNSEY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 25, 2001**