



**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED JUNE, 2001 - 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Balance Sheet - All Fund Types and Account Groups As of June 30, 2001	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – All Governmental Fund Types and Expendable Trust Fund For the Fiscal Year Ended June 30, 2001	6
Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget (Non-GAAP Basis) and Actual – All Governmental Fund Types and Expendable Trust Fund for the Fiscal Year Ended June 30, 2001	8
Statement of Revenues, Expenses, and Changes in Retained Earnings – Proprietary Fund Type for the Fiscal Year Ended June 30, 2001	10
Statement of Revenues, Expenses, and Changes in Fund Equity – Budget (Non GAAP Basis) and Actual – Proprietary Fund Type For the Fiscal Year Ended June 30, 2001	11
Statement of Cash Flows – Proprietary Fund Type For the Fiscal Year Ended June 30, 2001	12
Notes to the General Purpose Financial Statements For the Fiscal Year Ended June 30, 2001	13
Combined Balance Sheet - All Fund Types and Account Groups As of June 30, 2000	40
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – All Governmental Fund Types and Expendable Trust Fund For the Fiscal Year Ended June 30, 2000	42
Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget (Non-GAAP Basis) and Actual – All Governmental Fund Types and Expendable Trust Fund for the Fiscal Year Ended June 30, 2000	44
Statement of Revenues, Expenses, and Changes in Retained Earnings – Proprietary Fund Type for the Fiscal Year Ended June 30, 2000	46
Statement of Revenues, Expenses, and Changes in Fund Equity – Budget (Non GAAP Basis) and Actual – Proprietary Fund Type For the Fiscal Year Ended June 30, 2000	47
Statement of Cash Flows – Proprietary Fund Type For the Fiscal Year Ended June 30, 2000	48
Notes to the General Purpose Financial Statements For the Fiscal Year Ended June 30, 2000	49
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	75

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REPORT OF INDEPENDENT ACCOUNTANTS

Cedar Cliff Local School District
Greene County
Post Office Box 45
Cedarville, Ohio 45314

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Cedar Cliff Local School District, Greene County, (the District) as of and for the years ended June 30, 2001 and 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Cedar Cliff Local School District, Greene County, as of June 30, 2001 and 2000, and the results of its operations and the cash flows of its proprietary fund type for the years then ended in conformity with accounting principles generally accepted in the United States of America.

During the year ended June 30, 2001, the District adopted Governmental Accounting Statement No. 33.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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.

Jim Petro
Auditor of State

November 27, 2001

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**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2001**

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
Assets and Other Debits			
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$612,868	\$77,386	\$362,882
Cash and Cash Equivalents with Fiscal Agents		1,944	
Receivables:			
Income Taxes	264,895		
Property and Other Taxes	1,107,889		154,497
Accounts	1,953		
Intergovernmental	26,852	29,669	
Accrued Interest	2,256		
Interfund	173,485		
Prepaid Items	6,399		
Inventory of Supplies and Materials	6,522		
Inventory Held for Resale			
Restricted Asset:			
Equity in Pooled Cash and Cash Equivalents	116,021		
Fixed Assets (Net, where applicable, of Accumulated Depreciation)			
Other Debits:			
Amount to be Provided for Retirement of General Long-Term Obligations			
Total Assets and Other Debits	2,319,140	108,999	517,379
Liabilities, Fund Equity and Other Credits			
Liabilities:			
Accounts Payable	10,151	120	
Accrued Wages and Benefits Payable	315,899	13,177	
Intergovernmental Payable	74,566	3,339	
Interfund Payable		8,485	165,000
Due to Students			
Deferred Revenue	1,082,957	9,481	144,271
Compensated Absences Payable			
Total Liabilities	1,483,573	34,602	309,271
Fund Equity and Other Credits:			
Investment in General Fixed Assets			
Retained Earnings:			
Contributed Capital			
Unreserved (Deficit)			
Fund Balance:			
Reserved for Encumbrances	25,857	249	318,737
Reserved for Inventory of Supplies and Materials	6,522		
Reserved for Property Taxes	68,335		10,226
Reserved for Budget Stabilization	30,637		
Reserved for Textbooks and Instructional Materials	74,197		
Reserved for School Bus Purchases	11,187		
Unreserved, Designated for Budget Stabilization	59,951		
Unreserved, Undesignated (Deficit)	558,881	74,148	(120,855)
Total Fund Equity (Deficit) and Other Credits	835,567	74,397	208,108
Total Liabilities, Fund Equity and Other Credits	\$2,319,140	\$108,999	\$517,379

See Accompanying Notes to the General Purpose Financial Statements.

<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Total (Memorandum Only)</u>
		<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$3,178	\$24,498			\$1,080,812 1,944
				264,895
				1,262,386
				1,953
				56,521
				2,256
				173,485
				6,399
1,091				7,613
4,057				4,057
				116,021
26,350		2,347,906		2,374,256
			388,096	388,096
<u>34,676</u>	<u>24,498</u>	<u>2,347,906</u>	<u>388,096</u>	<u>5,740,694</u>
				\$10,271
9,256				338,332
4,093			24,207	106,205
				173,485
	22,998			22,998
2,259				1,238,968
5,361			363,889	369,250
<u>20,969</u>	<u>22,998</u>		<u>388,096</u>	<u>2,259,509</u>
		2,347,906		2,347,906
20,461				20,461
(6,754)				(6,754)
				344,843
				6,522
				78,561
				30,637
				74,197
				11,187
				59,951
	1,500			513,674
<u>13,707</u>	<u>1,500</u>	<u>2,347,906</u>		<u>3,481,185</u>
<u>\$34,676</u>	<u>\$24,498</u>	<u>\$2,347,906</u>	<u>\$388,096</u>	<u>\$5,740,694</u>

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Governmental Fund Types</u>				<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Revenues:						
Income Taxes	\$617,442					\$617,442
Property and Other Taxes	1,073,557		27,434	145,864		1,246,855
Tuition and Fees	72,087					72,087
Interest	82,014					82,014
Intergovernmental	2,251,318	168,382	3,803	56,737		2,480,240
Extracurricular Activities		138,333				138,333
Gifts and Donations	7,860	8,959			1,500	18,319
Rent	1,506					1,506
Miscellaneous	47,631	5,595				53,226
Total Revenues	<u>4,153,415</u>	<u>321,269</u>	<u>31,237</u>	<u>202,601</u>	<u>1,500</u>	<u>4,710,022</u>
Expenditures:						
Current:						
Instruction:						
Regular	2,020,628	86,613		83,544		2,190,785
Special	368,484	51,345				419,829
Vocational	36,929					36,929
Support Services:						
Pupils	214,379					214,379
Instructional Staff	103,744	42,793				146,537
Board of Education	19,797			1,441		21,238
Administration	390,914	54,178		3,057		448,149
Fiscal	144,736		515	2,498		147,749
Business	1,742					1,742
Operation and Maintenance of Plant	331,635	485		31,532		363,652
Pupil Transportation	233,142					233,142
Central	1,218	5,509				6,727
Extracurricular Activities	121,388	72,358			1,500	195,246
Capital Outlay	1,128			22,537		23,665
Debt Service:						
Principal Retirement	22,000		60,000			82,000
Interest and Fiscal Charges	1,540		2,438			3,978
Total Expenditures	<u>4,013,404</u>	<u>313,281</u>	<u>62,953</u>	<u>144,609</u>	<u>1,500</u>	<u>4,535,747</u>
Excess of Revenues Over (Under) Expenditures	<u>140,011</u>	<u>7,988</u>	<u>(31,716)</u>	<u>57,992</u>		<u>174,275</u>
Other Financing Sources (Uses):						
Operating Transfers In				58,862		58,862
Operating Transfers Out	(10,406)		(53,456)			(63,862)
Total Other Financing Sources (Uses)	<u>(10,406)</u>		<u>(53,456)</u>	<u>58,862</u>		<u>(5,000)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	129,605	7,988	(85,172)	116,854		169,275
Fund Balances at Beginning of Year (Restated - See Note 3)	705,450	66,409	85,172	91,254	1,500	949,785
Increase in Reserve for Inventory	512				0	512
Fund Balances at End of Year	<u>\$835,567</u>	<u>\$74,397</u>	<u>\$0</u>	<u>\$208,108</u>	<u>\$1,500</u>	<u>\$1,119,572</u>

See Accompanying Notes to the General Purpose Financial Statements.

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**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Income Taxes	\$595,871	\$610,038	\$14,167			
Property and Other Taxes	1,069,931	1,102,686	32,755			
Tuition and Fees	44,952	46,011	1,059			
Interest	79,753	81,650	1,897			
Intergovernmental	2,199,118	2,251,318	52,200	186,476	174,605	(11,871)
Extracurricular Activities				121,282	138,333	17,051
Gifts and Donations	7,678	7,860	182	7,718	8,959	1,241
Rent	1,471	1,506	35			
Miscellaneous	63,136	64,666	1,530	5,595	5,595	
Total Revenues	4,061,910	4,165,735	103,825	321,071	327,492	6,421
Expenditures:						
Current:						
Instruction:						
Regular	1,901,274	1,867,706	33,568	77,512	76,409	1,103
Special	437,504	374,455	63,049	63,936	58,861	5,075
Vocational	38,814	36,541	2,273			
Other	162,677	153,156	9,521			
Support Services:						
Pupils	232,887	225,348	7,539			
Instructional Staff	106,082	105,313	769	35,438	34,773	665
Board of Education	31,119	21,764	9,355			
Administration	405,655	390,489	15,166	63,571	54,268	9,303
Fiscal	161,586	149,734	11,852			
Business	2,000	1,742	258			
Operation and Maintenance of Plant	364,602	346,764	17,838	485	485	
Pupil Transportation	245,346	236,783	8,563			
Central	8,447	1,218	7,229	4,648	5,835	(1,187)
Extracurricular Activities	130,042	121,388	8,654	84,902	72,358	12,544
Capital Outlay	8,865	1,128	7,737			
Debt Service:						
Principal Retirement	22,000	22,000				
Interest and Fiscal Charges	1,540	1,540				
Total Expenditures	4,260,440	4,057,069	203,371	330,492	302,989	27,503
Excess of Revenues Over (Under) Expenditures	(198,530)	108,666	307,196	(9,421)	24,503	33,924
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	100		(100)			
Other Financing Sources	50	99	49			
Operating Transfers In						
Operating Transfers Out	(10,406)	(10,406)				
Advances In	34,480	34,480		8,485	8,485	
Advances Out	(173,485)	(173,485)		(2,392)	(2,392)	
Total Other Financing Sources (Uses)	(149,261)	(149,312)	(51)	6,093	6,093	
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(347,791)	(40,646)	307,145	(3,328)	30,596	33,924
Fund Balances at Beginning of Year	667,748	667,748		44,432	44,432	
Prior Year Encumbrances Appropriated	69,293	69,293		1,987	1,987	
Fund Balances at End of Year	<u>\$389,250</u>	<u>\$696,395</u>	<u>\$307,145</u>	<u>\$43,091</u>	<u>\$77,015</u>	<u>\$33,924</u>

See Accompanying Notes to the General Purpose Financial Statements.

Debt Service Fund			Capital Projects Funds			Expendable Trust Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$34,256	\$34,256		\$133,231	\$148,678	\$15,447			
3,803	3,803		82,176	56,737	(25,439)			
						1,500	1,500	
<u>38,059</u>	<u>38,059</u>		<u>215,407</u>	<u>205,415</u>	<u>(9,992)</u>	<u>1,500</u>	<u>1,500</u>	
			98,876	89,314	9,562			
			1,500	1,441	59			
			3,139	3,057	82			
515	515		2,700	2,498	202			
			346,971	322,091	24,880			
			22,500	19,477	3,023			
						1,500	1,500	
			25,560	25,547	13			
60,000	60,000							
2,438	2,438							
<u>62,953</u>	<u>62,953</u>		<u>501,246</u>	<u>463,425</u>	<u>37,821</u>	<u>1,500</u>	<u>1,500</u>	
<u>(24,894)</u>	<u>(24,894)</u>		<u>(285,839)</u>	<u>(258,010)</u>	<u>27,829</u>			
			58,862	58,862				
(53,456)	(53,456)		165,000	165,000				
			(32,088)	(32,088)				
<u>(53,456)</u>	<u>(53,456)</u>		<u>191,774</u>	<u>191,774</u>				
(78,350)	(78,350)		(94,065)	(66,236)	27,829			
78,350	78,350		47,263	47,263		1,500	1,500	
			63,120	63,120				
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$16,318</u>	<u>\$44,147</u>	<u>\$27,829</u>	<u>\$1,500</u>	<u>\$1,500</u>	<u>\$0</u>

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
PROPRIETARY FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	Enterprise
Operating Revenues:	
Sales	\$108,091
Operating Expenses:	
Salaries and Wages	54,011
Fringe Benefits	21,234
Purchased Services	4,841
Supplies and Materials	6,178
Cost of Sales	64,082
Depreciation	3,125
Total Operating Expenses	153,471
Operating Loss	(45,380)
Non-Operating Revenues:	
Federal and State Subsidies	26,916
Federal Donated Commodities	11,818
Total Non-Operating Revenues	38,734
Net Loss before Operating Transfers	(6,646)
Operating Transfers In	5,000
Net Loss	(1,646)
Retained Earnings (Deficit) at Beginning of Year	(5,108)
Retained Earnings (Deficit) at End of Year	(\$6,754)

See Accompanying Notes to the General Purpose Financial Statements.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - BUDGET (NON-GAAP BASIS) AND ACTUAL
PROPRIETARY FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	Enterprise Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Sales	\$112,270	\$108,091	(\$4,179)
Federal and State Subsidies	28,056	27,012	(1,044)
Total Revenues	140,326	135,103	(5,223)
Expenses:			
Salaries and Wages	53,627	53,627	0
Fringe Benefits	21,510	21,348	162
Purchased Services	4,927	4,842	85
Supplies and Materials	57,856	57,669	187
Other	50		50
Capital Outlay	2,290	1,388	902
Total Expenses	140,260	138,874	1,386
Excess of Revenues Over (Under) Expenses Before Operating Transfers	66	(3,771)	(3,837)
Operating Transfers In	5,000	5,000	
Excess of Revenues Over Expenses and Operating Transfers	5,066	1,229	(3,837)
Fund Equity at Beginning of Year	1,694	1,694	
Prior Year Encumbrances Appropriated	150	150	
Fund Equity at End of Year	\$6,910	\$3,073	(3,837)

See Accompanying Notes to the General Purpose Financial Statements.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	Enterprise
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities:	
Cash Received from Customers	\$108,091
Cash Payments for Employee Services and Benefits	(74,975)
Cash Payments to Suppliers for Goods and Services	(63,794)
Net Cash Used For Operating Activities	(30,678)
Cash Flows from Noncapital Financing Activities:	
Federal and State Subsidies Received	27,012
Operating Transfers In	5,000
Net Cash Provided By Noncapital Financing Activities	32,012
Net Increase in Cash and Cash Equivalents	1,334
Cash and Cash Equivalents Beginning of Year	1,844
Cash and Cash Equivalents End of Year	3,178
Reconciliation of Operating Loss to Net Cash Used For Operating Activities:	
Operating Loss	(45,380)
Adjustments to Reconcile Operating Loss to Net Cash Used For Operating Activities:	
Depreciation	3,125
Donated Commodities Received	11,818
Changes in Assets and Liabilities:	
Decrease in Inventory of Supplies and Materials	1,068
Increase in Inventory Held for Resale	(1,579)
Decrease in Accrued Wages and Benefits Payable	(271)
Increase in Intergovernmental Payable	492
Increase in Compensated Absences Payable	49
Net Cash Used For Operating Activities	(\$30,678)

See Accompanying Notes to the General Purpose Financial Statements.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Cedar Cliff Local 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 School District serves an area of approximately 49 square miles. It is located in Greene County, and includes all of the Villages of Cedarville and Clifton and portions of Cedarville and Miami Townships. It is staffed by 24 non-certificated employees, 43 certificated full-time teaching personnel and 3 administrative employees who provide services to 656 students and other community members. The School District currently operates 2 instructional buildings.

A 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 of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Cedar Cliff Local School District, this includes general operations, food service, and student related activities of the School District.

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

The following entities which perform activities within the School District boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these entities nor are they fiscally dependent on the School District.

Village of Cedar Cliff - The village government of Cedar Cliff is a separate body politic and corporate. A mayor and council are elected independent of any School District relationships and administer the provision of traditional village services. Council acts as the taxing and budgeting authority for these village services.

Parent Teacher Association - The School District is not involved in the budgeting or management, is not responsible for any debt and has no influence over the organization.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY (Continued)

The School District is associated with four jointly governed organizations and one insurance purchasing pool. These organizations are discussed in Note 17 to the general purpose financial statements. These organizations are:

Jointly Governed Organizations:

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

Insurance Purchasing Pool:

- Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 the enterprise fund and the expendable trust fund) 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

The special revenue funds are used to account for the proceeds of specific revenue sources (other than the expendable trust 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 the enterprise fund or expendable trust fund).

2. Proprietary Fund Type:

The proprietary fund is 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

The enterprise fund is 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.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fiduciary Fund Types:

Fiduciary 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/or other funds. The School District's fiduciary funds include an expendable trust and an agency fund. The expendable trust fund is accounted for in essentially the same manner as governmental funds. The agency fund is custodial in nature (assets equal liabilities) and does 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 obligations 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 enterprise or expendable trust funds.

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 enterprise or expendable trust 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 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.

The enterprise fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund is included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. The enterprise fund's operating statement presents 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 and fiduciary funds. The full accrual basis of accounting is followed for the enterprise fund.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 7) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Data

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 the agency fund, are legally required to be budgeted and appropriated. The Title III, Drug-Free Schools, Preschool Grant, and Entry Year Grant Special Revenue Funds grant activity that is administered by a fiscal agent is not budgeted by the School District. The legal level of budgetary control is at the object level within each fund and function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

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 Greene County Budget Commission for rate determination.

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 2001.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, function, and object level of expenditures, which are the legal levels 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 the legal level of control. Any revisions that alter the total of any fund appropriations, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education.

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, five supplemental appropriation was legally enacted; however, none of these amendments were significant. Formal budgetary integration is employed as a management control device during the year for all funds, other than the agency fund and the Title III, Drug-Free Schools, Preschool Grant, and Entry Year Grant Special Revenue Funds, consistent with statutory provisions.

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 the agency fund, 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 the enterprise fund.

5. 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.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds, including the enterprise fund, are maintained in this pool. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet.

The balance of the Title III, Drug-Free Schools, Preschool Grant, and Entry Year Grant Special Revenue Funds administered by the fiscal agent is presented on the combined balance sheet as "Cash and Cash Equivalents with Fiscal Agents." This represents deposits with the Greene County Educational Service Center.

During fiscal year 2001, the School District did not have any investments.

The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2001 amounted to \$82,014, which includes \$23,434 assigned from other School District funds.

For purposes of the 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. Inventory

Inventories of governmental funds are stated at cost while inventories of the enterprise fund 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 the enterprise fund consist of donated food, purchased food held for resale, and non-food supplies and are expensed when used.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2001, 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 is reported in the year in which services are consumed.

G. Restricted Assets

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by statute to be set-aside by the School District for the purchase of textbooks and other instructional materials, school bus purchases, and the creation of a reserve for budget stabilization. See Note 20 for additional information regarding set-asides.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Estimates

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

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 enterprise fund 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 five hundred dollars. The School District does not have any infrastructure.

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture, fixtures, and equipment in the enterprise fund is computed using the straight-line method over estimated useful lives of five to twenty years. Improvements to enterprise fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

J. Interfund Assets/Liabilities

Short-term interfund loans are classified as "Interfund Receivables" and "Interfund Payables."

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

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

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 the enterprise fund, the entire amount of compensated absences is reported as a fund liability.

L. 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 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. Amounts paid more than sixty days after year end are considered not to have been paid using current available financial resources.

Long-term obligations financed by the enterprise fund are reported as liabilities in the enterprise fund.

M. 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.

N. 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, inventory of supplies and materials, property taxes, budget stabilization, textbook and instructional materials, and bus purchases.

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.

O. Fund Designations

Fund balance designations may be established to indicate tentative planned expenditures of financial resources. The designations reflect the School District's intentions and are subject to change. Designations are reported as part of unreserved fund balance. Designations represent amounts set-aside for budget stabilization which exceed the statutory required amount. The amount designated for budget stabilization this year for the School District is \$59,951.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. 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. CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE

For fiscal year 2001, the School District has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions," and GASB Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues." The effect of this change on the excess of revenues and other financing sources under expenditures and the effect on opening fund balances follows:

	Governmental Fund Type
	Special Revenue
Excess as previously reported	(\$19,596)
Restatement:	
Intergovernmental Receivables	31,100
Restated Amount for the Year ended June 30, 2000	\$11,504
Fund Balance at June 30, 2000	\$35,309
Restatement:	
Intergovernmental Receivables	\$31,100
Restated Amount at June 30, 2000	\$66,409

4. ACCOUNTABILITY AND COMPLIANCE

A. Accountability

At June 30, 2001, the Title VI-B Special Revenue Fund and the Food Service Enterprise Fund had deficit a fund balance/retained earnings of \$1,178 and \$6,754, respectively, which were created by the application of generally accepted accounting principles. The General Fund is liable for any deficit fund balances and provides operating transfers when cash is required, not when accruals occur. The deficit in the Food Service Enterprise Fund is a result of lunch prices not covering operational costs. The School District will continue to monitor this deficit and raise lunch prices to alleviate it.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

4. ACCOUNTABILITY AND COMPLIANCE (Continued)

B. Compliance

The Management Information Systems Special Revenue Fund, central expenditures, and the Ohio Reads Special Revenue Fund, regular instruction expenditures had excesses of expenditures plus encumbrances over appropriations of \$1,187 and \$2,392, respectively for the year fiscal year ended June 30, 2001.

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 Fund and the Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual - Enterprise Fund 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 enterprise fund (GAAP basis).
4. The School District does not budget for the Title III, Drug-Free Schools, Preschool Grant, and Entry Year Grant Special Revenue Funds administered by the fiscal agent who collects and holds the assets (budget basis). However, the activities of the fiscal agent that pertain to Cedar Cliff Local School District are included in the special revenue funds for GAAP reporting purposes (GAAP basis).
5. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

5. BUDGETARY BASIS OF ACCOUNTING (Continued)

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

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
GAAP Basis	\$129,605	\$7,988	(\$85,172)	\$116,854
Revenue Accruals	12,419	5,164	6,822	2,814
Expenditure Accruals	(12,026)	10,663	0	(80)
Prepaid Items	855	0	0	0
Excess of Revenues Over Expenditures for Non-budgeted Funds	0	1,059	0	0
Advances	(139,005)	6,093	0	132,912
Encumbrances	(32,494)	(371)	0	(318,736)
Budget Basis	<u>(\$40,646)</u>	<u>\$30,596</u>	<u>(\$78,350)</u>	<u>(\$66,236)</u>

For the expendable trust fund, the GAAP basis was the same as the budget basis because there were no revenue or expense accruals; therefore, a table is not presented.

**Net Loss/Excess of Revenues Under Expenses
Enterprise Fund**

	<u>Enterprise</u>
GAAP Basis	(\$1,646)
Revenue Accruals	96
Expense Accruals	(752)
Inventory of Materials and Supplies	(1,068)
Inventory Held for Resale	1,579
Depreciation Expense	3,125
Encumbrances	(105)
Budget Basis	<u>\$1,229</u>

6. DEPOSITS AND INVESTMENTS

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

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

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

6. DEPOSITS AND INVESTMENTS (Continued)

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 accounts, including, but not limited to, passbook accounts.

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

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

1. United States Treasury Notes, 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 security issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above 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 (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

6. DEPOSITS AND INVESTMENTS (Continued)

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

Cash on Hand: At fiscal year end, the School District had \$50 in undeposited cash on hand which is included on the balance sheet of the School District as part of "Equity in Pooled Cash and Cash Equivalents."

The "Cash and Cash Equivalents with Fiscal Agent" of \$1,944 shown in the special revenue funds is maintained with the Greene County Educational Service Center. Disclosures regarding this amount can be obtained from their annual report.

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

Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$1,196,783 and the bank balance was \$1,371,826. Of the bank balance:

1. \$200,000 was covered by federal depository insurance; and
2. \$1,171,826 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

Investments: The School District's investments are categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. The School District did not have any investments at June 30, 2001.

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 entitled "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting." A reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

6. DEPOSITS AND INVESTMENTS (Continued)

	Cash and Cash Equivalents/Deposits
GASB Statement 9	\$1,198,777
Cash Held with the Greene County Educational Service Center	(1,944)
Cash on Hand	(50)
GASB Statement 3	<u>\$1,196,783</u>

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 2001 for real and public utility property taxes represents collections of calendar 2000 taxes. Property tax payments received during calendar 2001 for tangible personal property (other than public utility property) is for calendar 2001 taxes.

2001 real property taxes are levied after April 1, 2001, on the assessed value as of January 1, 2001, 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. 2001 public utility property taxes became a lien December 31, 2000, are levied after April 1, 2001, and are collected in 2002 with real property taxes.

The assessed values upon which fiscal year 2001 taxes were collected are:

	2000 Second- Half Collections		2001 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$49,279,170	85.93%	\$50,800,020	86.99%
Tangible Personal Property	8,066,779	14.07%	7,595,345	13.01%
Total Assessed Value	<u>\$57,345,949</u>	<u>100.00%</u>	<u>\$58,395,365</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$36.95		\$35.55	

The tax rate decreased due to a levy that expired.

2001 tangible personal property taxes are levied after April 1, 2000, on the value as of December 31, 2000. Collections are made in 2001. Tangible personal property assessments are twenty-five percent of true value.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

7. PROPERTY TAXES (Continued)

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.

The School District receives property taxes from Greene County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2001, are available to finance fiscal year 2001 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 and real property and tangible personal property taxes which became measurable as of June 30, 2001. 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, 2001, was \$78,562 and is recognized as revenue. \$68,335 was available to the General Fund, and \$10,277 was available to the Permanent Improvement Capital Projects Fund.

8. INCOME TAX

The School District levies a voted tax of one percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1991, and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue in the amount of \$617,442 was credited to the General Fund during fiscal year 2001.

9. RECEIVABLES

Receivables at June 30, 2001, consisted of both income and property taxes, accounts (student fees), intergovernmental grants, accrued interest, and interfund. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

<u>Intergovernmental Receivables</u>	<u>Amounts</u>
General Fund:	
Tuition and Fees	\$26,852
Special Revenue Funds:	
Title VI-B Grant	6,295
Title I Grant	13,704
Title VI Grant	189
Title VI-R Grant	9,481
Total Special Revenue Funds	29,669
Total All Funds	\$56,521

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

10. FIXED ASSETS

A summary of the enterprise fund's fixed assets at June 30, 2001, follows:

Furniture and Equipment	\$49,843
Less Accumulated Depreciation	(23,493)
Net Fixed Assets	\$26,350

A summary of the changes in general fixed assets during fiscal year 2001 follows:

Asset Category	Balance at 6/30/00	Additions	Deletions	Balance at 6/30/01
Land and Improvements	\$39,350	\$0	\$0	\$39,350
Buildings and Improvements	1,099,431	58,883	5,640	1,152,674
Furniture, Fixtures and Equipment	757,748	104,752	9,835	852,665
Vehicles	315,597	0	12,380	303,217
Totals	\$2,212,126	\$163,635	\$27,855	\$2,347,906

There was no significant construction in progress at June 30, 2001.

11. RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2001, the School District contracted with Indiana Insurance for property and fleet insurance, while the School District contracted with Nationwide Insurance for liability insurance and inland marine coverage.

Coverages provided by Indiana and Nationwide Insurance are as follows:

Building and Contents-replacement cost (\$500 deductible)	\$10,567,316
Inland Marine Coverage (\$100 deductible)	76,861
Boiler and Machinery (\$500 deductible)	No limit
Crime Insurance	3,000
Automobile Liability (\$100 deductible)	1,000,000
Uninsured Motorists (\$250 deductible)	1,000,000
General Liability	
Per occurrence	1,000,000
Total per year	5,000,000

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.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

11. RISK MANAGEMENT (Continued)

B. Workers' Compensation

For fiscal year 2001, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), a workers' compensation insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Integrated Comp, Inc. provides administrative, cost control, and actuarial services to the GRP.

12. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (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 Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 N. Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2001, 4.2 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2000, 5.5 percent was 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 District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$20,639, \$22,946 and \$36,350, respectively; 47.66 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$10,802 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and the general long-term obligations account group.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

12. DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System

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

For the fiscal year ended June 30, 2001, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2000, the portion used to fund pension obligations was 6.0 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$214,137, \$121,121 and \$104,018, respectively; 83.47 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$35,389 represents the unpaid contribution for fiscal year 2001 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, 2001, three members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid. The remaining board member contributed to SERS.

13. POSTEMPLOYMENT BENEFITS

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified 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 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, 2001, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$101,434 for fiscal year 2001.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

13. POSTEMPLOYMENT BENEFITS (Continued)

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2000, (the latest information available) the balance in the Fund was \$3,419 million. For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.80 percent of covered payroll, an increase of 1.3 percent from fiscal year 2000. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2001 fiscal year equaled \$58,663.

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 the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2000 (the latest information available), were \$140,696,340 and the target level was \$211 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

14. EMPLOYEE BENEFITS

A. Compensated Absences

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 232 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 45.75 days for all employees.

B. Insurance Benefits

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

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

15. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2001 were as follows:

	<u>Principal Outstanding 6/30/00</u>	<u>Additions</u>	<u>Deductions</u>	<u>Principal Outstanding 6/30/01</u>
School Improvement Bond 1980 8.125%	\$60,000	\$0	\$60,000	\$0
Energy Conservation Loan 1991 7.00%	22,000	0	22,000	0
Intergovernmental Payable	21,137	24,207	21,137	24,207
Compensated Absences	338,787	25,102	0	363,889
Total General Long-Term Obligations	<u>\$441,924</u>	<u>\$49,309</u>	<u>\$103,137</u>	<u>\$388,096</u>

The School Improvement General Obligation Bond was issued to provide school improvements. The Bond matured in June of 2001. This bond was paid from the Bond Retirement Debt Service Fund.

The Energy Conservation Loan was issued for the purpose of purchasing and installing energy conservation measures. This loan matured in April of 2001. This loan was paid from the General Fund.

The intergovernmental payable and compensated absences will be paid from the fund from which the employees' salaries are paid. The intergovernmental payable represents contractually required pension contributions paid outside the available period.

The School District's overall legal debt margin was \$5,255,583 and an unvoted debt margin of \$58,395 at June 30, 2001.

16. INTERFUND ACTIVITY

As of June 30, 2001, there were receivables and payables that resulted from various interfund transactions. The General Fund had an interfund receivable of \$173,485, while the Land Lab, Title VI-B, and Title I Special Revenue Funds had interfund payables of \$485, \$2,000, and \$6,000, respectively. The Permanent Improvements Capital Projects Fund also had an interfund payable of \$165,000.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

17. JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOL

A. Jointly Governed Organizations

Miami Valley Educational Computer Association - The School District is a participant in the Miami Valley Educational Computer Association (MVECA) which is a computer consortium. MVECA is an association of public schools within the boundaries of Clark, Clinton, Fayette, Greene and Highland 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 districts. The governing board of MVECA consists of one representative from each county elected by majority vote of all charter member school districts within each county plus one representative from the fiscal agent. The School District paid MVECA \$15,967 for services provided during the year. Financial information can be obtained from Gary Bosserman, who serves as Director, at 330 East Enon Road, Yellow Springs, Ohio 45387.

Southwestern Ohio Educational Purchasing Council -The School District participates in the Southwestern Ohio Educational Purchasing Council (SOEPC). The purpose of the Council is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC.

Each member has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts by the Fiscal Agent. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member will be liable for all member obligations during this one year period.

Payments to SOEPC are made from the General Fund. During fiscal year 2001, the School District paid \$4,188 for membership in the SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Robert Brown, who serves as Director, at 1831 Harshman Road, Dayton, Ohio 45424.

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

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the General Fund. During fiscal year 2001, the School District paid \$6,884 to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Steve Strouse, who serves as Director, at 150 East Sixth Street, Franklin, Ohio 45005.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

17. JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOL (Continued)

Greene County Career Center - The Greene County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating school districts' elected boards, which possesses its own budgeting and taxing authority. One member is appointed from the following school districts: Xenia City, Fairborn City, Beavercreek Local, Cedar Cliff Local, Greeneview Local, Sugarcreek Local, and Yellow Springs Exempted Village. During fiscal year 2000, the School District paid \$202,419 to the Greene County Career Center. To obtain financial information, write to the Greene County Career Center, Chip Arledge, who serves as Treasurer, at 2960 West Enon Road, Xenia, Ohio 45385.

B. Insurance Purchasing Pool

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

18. STATE SCHOOL FUNDING DECISION

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

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

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order. In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of November 27, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirements that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

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

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

19. CONTINGENCIES

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, 2001. The School District does not have any pending litigation.

20. SET-ASIDE CALCULATIONS

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

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside Reserve Balance as of June 30, 2000	\$40,082	(\$115,077)	\$90,588
Current Year Set-aside Requirement	92,698	92,698	0
Reduction in requirement on Revised Legislation	0	0	(59,951)
Current Year Offsets	0	(263,755)	0
Qualifying Disbursements	(58,583)	(85,441)	0
Totals	<u>\$74,197</u>	<u>(\$371,575)</u>	<u>\$30,637</u>
Set-aside Balances Carried Forward to Future Fiscal Years	<u>\$74,197</u>	<u>(\$371,575)</u>	<u>\$30,637</u>
Set-aside Reserve Balances as of June 30, 2001	<u>\$74,197</u>	<u>\$0</u>	<u>\$30,637</u>

Although the School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for capital acquisition set-aside, the negative amount can only be carried forward to the extent of proceeds from a property tax levy. The total reserve balance for the set-asides at the end of the fiscal year was \$104,834.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

21. SIGNIFICANT CONTRACTUAL COMMITMENTS

As of June 30, 2001, the School District had contractual purchase commitments as follows:

<u>Company</u>	<u>Amount Remaining On Contract</u>
Don Roberts and Associates	\$8,700
Unknown Roofing	43,361
SEM Partners, Inc.	11,000
Joe Beck and Associates	188,800

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**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Assets and Other Debits				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$666,322	\$46,419	\$78,350	\$110,382
Cash and Cash Equivalents with Fiscal Agents		5,528		
Receivables:				
Income Taxes	215,309			
Property and Other Taxes	1,027,666		31,732	66,941
Accounts Intergovernmental	19,007			
Accrued Interest	1,892			
Interfund	34,480			
Prepaid Items	5,544			
Inventory of Supplies and Materials	6,010			
Inventory Held for Resale				
Restricted Asset:				
Equity in Pooled Cash and Cash Equivalents	70,719			
Fixed Assets (Net, where applicable, of Accumulated Depreciation)				
Other Debits:				
Amount Available in Debt Service Fund for Retirement of General Long-Term Obligations				
Amount to be Provided for Retirement of General Long-Term Obligations				
Total Assets and Other Debits	<u>2,046,949</u>	<u>51,947</u>	<u>110,082</u>	<u>177,323</u>
Liabilities, Fund Equity and Other Credits				
Liabilities:				
Accounts Payable	38,985	343		80
Accrued Wages and Benefits Payable	298,228	12,024		
Intergovernmental Payable	70,468	1,879		
Interfund Payable		2,392		32,088
Due to Students				
Deferred Revenue	930,567		24,910	53,901
Compensated Absences Payable	3,251			
Energy Conservation Loan Payable				
General Obligation Bonds Payable				
Total Liabilities	<u>1,341,499</u>	<u>16,638</u>	<u>24,910</u>	<u>86,069</u>
Fund Equity and Other Credits:				
Investment in General Fixed Assets				
Retained Earnings:				
Contributed Capital				
Unreserved (Deficit)				
Fund Balance:				
Reserved for Encumbrances	36,318	1,649		60,545
Reserved for Inventory of Supplies and Materials	6,010			
Reserved for Property Taxes	97,464		6,822	13,040
Reserved for Budget Stabilization	30,637			
Reserved for Textbooks and Instructional Materials	40,082			
Unreserved, Designated for Budget Stabilization	59,951			
Unreserved, Undesignated	434,988	33,660	78,350	17,669
Total Fund Equity (Deficit) and Other Credits	<u>705,450</u>	<u>35,309</u>	<u>85,172</u>	<u>91,254</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$2,046,949</u>	<u>\$51,947</u>	<u>\$110,082</u>	<u>\$177,323</u>

See Accompanying Notes to the General Purpose Financial Statements.

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$1,844	\$23,310			\$926,627 5,528
				215,309
				1,126,339
				19,007
96				96
				1,892
				34,480
				5,544
810				6,820
2,478				2,478
				70,719
29,475		2,212,126		2,241,601
			85,172	85,172
			356,752	356,752
<u>34,703</u>	<u>23,310</u>	<u>2,212,126</u>	<u>441,924</u>	<u>5,098,364</u>
				\$39,408
9,527				319,779
3,601			21,137	97,085
				34,480
	21,810			21,810
910				1,010,288
5,312			338,787	347,350
			22,000	22,000
			60,000	60,000
<u>19,350</u>	<u>21,810</u>		<u>441,924</u>	<u>1,952,200</u>
		2,212,126		2,212,126
20,461				20,461
(5,108)				(5,108)
				98,512
				6,010
				117,326
				30,637
				40,082
				59,951
	1,500			566,167
<u>15,353</u>	<u>1,500</u>	<u>2,212,126</u>		<u>3,146,164</u>
<u>\$34,703</u>	<u>\$23,310</u>	<u>\$2,212,126</u>	<u>\$441,924</u>	<u>\$5,098,364</u>

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>	
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>		<u>Expendable Trust</u>
Revenues:						
Income Taxes	\$567,324					\$567,324
Property and Other Taxes	1,036,343		71,669	142,444		1,250,456
Tuition and Fees	57,242					57,242
Interest	64,109					64,109
Intergovernmental	2,113,970	157,328	8,548	98,481		2,378,327
Extracurricular Activities		126,387				126,387
Gifts and Donations		13,982		7,000	1,500	22,482
Rent	1,850					1,850
Miscellaneous	57,745					57,745
Total Revenues	<u>3,898,583</u>	<u>297,697</u>	<u>80,217</u>	<u>247,925</u>	<u>1,500</u>	<u>4,525,922</u>
Expenditures:						
Current:						
Instruction:						
Regular	1,952,069	67,354		47,498		2,066,921
Special	292,665	60,033				352,698
Vocational	31,532					31,532
Support Services:						
Pupils	198,480	669				199,149
Instructional Staff	99,523	36,091				135,614
Board of Education	19,876					19,876
Administration	374,139	63,938				438,077
Fiscal	159,414		1,167	2,320		162,901
Business	1,528			0		1,528
Operation and Maintenance of Plant	291,995			145,865		437,860
Pupil Transportation	283,315					283,315
Central	7,415	6,862				14,277
Extracurricular Activities	103,562	82,346			1,500	187,408
Capital Outlay	396			7,938		8,334
Debt Service:						
Principal Retirement	20,000		65,000			85,000
Interest and Fiscal Charges	2,940		7,516			10,456
Total Expenditures	<u>3,838,849</u>	<u>317,293</u>	<u>73,683</u>	<u>203,621</u>	<u>1,500</u>	<u>4,434,946</u>
Excess of Revenues Over (Under) Expenditures	59,734	(19,596)	6,534	44,304		90,976
Other Financing Sources:						
Operating Transfers Out	(5,000)					(5,000)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	54,734	(19,596)	6,534	44,304		85,976
Fund Balances at Beginning of Year	651,089	54,905	78,638	46,950	1,500	833,082
Decrease in Reserve for Inventory	(373)					(373)
Fund Balances at End of Year	<u>\$705,450</u>	<u>\$35,309</u>	<u>\$85,172</u>	<u>\$91,254</u>	<u>\$1,500</u>	<u>\$918,685</u>

See Accompanying Notes to the General Purpose Financial Statements.

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**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

	<u>General Fund</u>			<u>Special Revenue Funds</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:						
Income Taxes	\$549,220	\$580,830	\$31,610			
Property and Other Taxes	952,101	1,025,823	73,722			
Tuition and Fees	57,367	69,625	12,258			
Interest	55,519	64,217	8,698			
Intergovernmental	2,013,482	2,123,784	110,302	156,996	156,996	
Extracurricular Activities				121,793	126,546	4,753
Gifts and Donations				13,452	13,982	530
Rent	1,749	1,850	101			
Miscellaneous	50,555	52,738	2,183			
Total Revenues	<u>3,679,993</u>	<u>3,918,867</u>	<u>238,874</u>	<u>292,241</u>	<u>297,524</u>	<u>5,283</u>
Expenditures:						
Current:						
Instruction:						
Regular	1,820,649	1,817,920	2,729	68,923	65,105	3,818
Special	311,014	299,642	11,372	59,547	59,547	
Vocational	32,425	31,683	742			
Other	150,723	137,633	13,090			
Support Services:						
Pupils	199,800	197,514	2,286	669	669	
Instructional Staff	104,681	102,207	2,474	29,593	29,593	
Board of Education	25,690	20,076	5,614			
Administration	388,008	378,776	9,232	66,026	64,026	2,000
Fiscal	167,645	160,840	6,805			
Business	1,900	1,528	372			
Operation and Maintenance of Plant	329,888	305,589	24,299			
Pupil Transportation	290,870	282,162	8,708			
Central	10,150	7,415	2,735	8,956	8,138	818
Extracurricular Activities	107,325	105,676	1,649	82,480	82,446	34
Capital Outlay	12,000	7,000	5,000			
Debt Service:						
Principal Retirement	20,000	20,000				
Interest and Fiscal Charges	2,940	2,940				
Total Expenditures	<u>3,975,708</u>	<u>3,878,601</u>	<u>97,107</u>	<u>316,194</u>	<u>309,524</u>	<u>6,670</u>
Excess of Revenues Over (Under) Expenditures	<u>(295,715)</u>	<u>40,266</u>	<u>335,981</u>	<u>(23,953)</u>	<u>(12,000)</u>	<u>11,953</u>
Other Financing Sources (Uses):						
Other Financing Sources	43	85	42			
Operating Transfers Out	(48,161)	(5,000)	43,161			
Advances In	146,198	154,612	8,414	2,367	2,392	25
Advances Out	(2,392)	(2,392)				
Total Other Financing Sources (Uses)	<u>95,688</u>	<u>147,305</u>	<u>51,617</u>	<u>2,367</u>	<u>2,392</u>	<u>25</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(200,027)</u>	<u>187,571</u>	<u>387,598</u>	<u>(21,586)</u>	<u>(9,608)</u>	<u>11,978</u>
Fund Balances at Beginning of Year	432,362	432,362		51,927	51,927	
Prior Year Encumbrances Appropriated	47,815	47,815		2,114	2,114	
Fund Balances at End of Year	<u>\$280,150</u>	<u>\$667,748</u>	<u>\$387,598</u>	<u>\$32,455</u>	<u>\$44,433</u>	<u>\$11,978</u>

See Accompanying Notes to the General Purpose Financial Statements.

Debt Service Fund			Capital Projects Funds			Expendable Trust Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
72,224	69,380	(2,844)	221,707	139,023	(82,684)			
6,653	8,548	1,895	171,160	98,481	(72,679)			
				7,000	7,000		1,500	1,500
<u>78,877</u>	<u>77,928</u>	<u>(949)</u>	<u>392,867</u>	<u>244,504</u>	<u>(148,363)</u>		<u>1,500</u>	<u>1,500</u>
			59,193	51,917	7,276			
1,200	1,167	33	2,321	2,320	1			
			213,600	213,558	42			
						1,500	1,500	
			12,198	12,198				
65,000	65,000							
7,516	7,516							
<u>73,716</u>	<u>73,683</u>	<u>33</u>	<u>287,312</u>	<u>279,993</u>	<u>7,319</u>	<u>1,500</u>	<u>1,500</u>	
<u>5,161</u>	<u>4,245</u>	<u>(916)</u>	<u>105,555</u>	<u>(35,489)</u>	<u>(141,044)</u>	<u>(1,500)</u>		<u>1,500</u>
			<u>(186,700)</u>	<u>(154,612)</u>				
			<u>(186,700)</u>	<u>(154,612)</u>	<u>32,088</u>			
5,161	4,245	(916)	(81,145)	(190,101)	(108,956)	(1,500)		1,500
74,105	74,105		21,213	21,213		1,500	1,500	
			216,151	216,151				
<u>\$79,266</u>	<u>\$78,350</u>	<u>(\$916)</u>	<u>\$156,219</u>	<u>\$47,263</u>	<u>(\$108,956)</u>	<u>\$0</u>	<u>\$1,500</u>	<u>\$1,500</u>

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
PROPRIETARY FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Enterprise
Operating Revenues:	
Sales	\$103,044
Operating Expenses:	
Salaries and Wages	50,352
Fringe Benefits	19,304
Purchased Services	4,970
Supplies and Materials	5,289
Cost of Sales	63,260
Other	50
Depreciation	2,935
Total Operating Expenses	146,160
Operating Loss	(43,116)
Non-Operating Revenues:	
Federal and State Subsidies	26,307
Federal Donated Commodities	12,287
Total Non-Operating Revenues	38,594
Net Loss before Operating Transfers	(4,522)
Operating Transfers In	5,000
Net Income	478
Retained Earnings (Deficit) at Beginning of Year	(5,586)
Retained Earnings (Deficit) at End of Year	(\$5,108)

See Accompanying Notes to the General Purpose Financial Statements.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

	Enterprise Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Sales	\$103,068	\$103,068	
Federal and State Subsidies	26,210	26,210	
Total Revenues	129,278	129,278	
Expenses:			
Salaries and Wages	50,285	50,285	
Fringe Benefits	20,115	20,115	
Purchased Services	4,980	4,970	\$10
Supplies and Materials	56,883	56,774	109
Other	50	50	
Capital Outlay	5,087	5,087	
Total Expenses	137,400	137,281	119
Excess of Revenues Under Expenses Before Operating Transfers	(8,122)	(8,003)	119
Operating Transfers In	5,000	5,000	
Excess of Revenues Under Expenses	(3,122)	(3,003)	119
Fund Equity at Beginning of Year	4,387	4,387	
Prior Year Encumbrances Appropriated	310	310	
Fund Equity at End of Year	\$1,575	\$1,694	\$238

See Accompanying Notes to the General Purpose Financial Statements.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Enterprise
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities:	
Cash Received from Customers	\$103,068
Cash Payments for Employee Services and Benefits	(70,400)
Cash Payments to Suppliers for Goods and Services	(61,624)
Other Operating Expenses	(50)
Net Cash Used For Operating Activities	(29,006)
Cash Flows from Noncapital Financing Activities:	
Federal and State Subsidies Received	26,210
Operating Transfers In	5,000
Net Cash Provided By Noncapital Financing Activities	31,210
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	(5,057)
Net Decrease in Cash and Cash Equivalents	(2,853)
Cash and Cash Equivalents Beginning of Year	4,697
Cash and Cash Equivalents End of Year	1,844
Reconciliation of Operating Loss to Net Cash Used For Operating Activities:	
Operating Loss	(43,116)
Adjustments to Reconcile Operating Loss to Net Cash Used For Operating Activities:	
Depreciation	2,935
Donated Commodities Received	12,287
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	24
Increase in Materials and Supplies Inventory	(129)
Increase in Inventory Held for Resale	(262)
Increase in Accrued Salaries Payable	323
Decrease in Intergovernmental Payable	(956)
Decrease in Compensated Absences Payable	(112)
Net Cash Used For Operating Activities	(\$29,006)

See Accompanying Notes to the General Purpose Financial Statements.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Cedar Cliff Local 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 School District serves an area of approximately 49 square miles. It is located in Greene County, and includes all of the Villages of Cedarville and Clifton and portions of Cedarville and Miami Townships. It is staffed by 23 non-certificated employees, 41 certificated full-time teaching personnel and 3 administrative employees who provide services to 679 students and other community members. The School District currently operates 2 instructional buildings.

A 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 of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Cedar Cliff Local School District, this includes general operations, food service, and student related activities of the School District.

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

The following entities which perform activities within the School District boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these entities nor are they fiscally dependent on the School District.

Village of Cedar Cliff - The village government of Cedar Cliff is a separate body politic and corporate. A mayor and council are elected independent of any School District relationships and administer the provision of traditional village services. Council acts as the taxing and budgeting authority for these village services.

Parent Teacher Association - The School District is not involved in the budgeting or management, is not responsible for any debt and has no influence over the organization.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY (Continued)

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

Jointly Governed Organizations:

Miami Valley Educational Computer Association
Southwestern Ohio Educational Purchasing Council
Southwestern Ohio Instructional Technology Association
Greene County Career Center

Insurance Purchasing Pool:

Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 the proprietary fund and trust fund) 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

The special revenue funds are used to account for the proceeds of specific revenue sources (other than the expendable trust 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 the proprietary fund or trust fund).

2. Proprietary Fund Type:

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

The enterprise fund is 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.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fiduciary Fund Types:

Fiduciary 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/or other funds. The School District's fiduciary funds include expendable trust and agency funds. The expendable trust fund is accounted for in essentially the same manner as governmental funds. The agency fund is custodial in nature (assets equal liabilities) and does 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 or trust funds.

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 or trust 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 the expendable trust fund 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.

The enterprise fund is 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. The School District does not have any contributed capital. The proprietary fund operating statement presents 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.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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: taxpayer-assessed income taxes, property taxes available as an advance, tuition, student fees, grants, and interest.

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. Accounts receivable, in some instances, are recorded as deferred revenue because they do not meet the availability criteria. Property taxes measurable as of June 30, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue.

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

The accrual basis of accounting is utilized for reporting purposes by the enterprise fund. 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 Data

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 Title III, Drug-Free Schools, Preschool Grant, and Goals 2000 Grant Special Revenue Funds grant activity that is administered by a fiscal agent is not budgeted by the School District. The legal level of budgetary control is at the object level within each fund and function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Greene County Budget Commission for rate determination.

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, function, and object level of expenditures, which are the legal levels 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.

Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. 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, one supplemental appropriation was legally enacted, and it was insignificant.

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 the agency fund, consistent with statutory provisions.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 the enterprise fund.

5. 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.

D. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds, including the proprietary fund, are maintained in this pool. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet.

The balance of various grant activity administered by the fiscal agent is presented on the combined balance sheet as "Cash and Cash Equivalents with Fiscal Agents." This represents deposits with the Greene County Educational Service Center.

During fiscal year 2000, the School District did not have any investments.

The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2000 amounted to \$64,109, which includes \$42,545 assigned from other School District funds.

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. Inventory

Inventories of governmental funds are stated at cost while inventories of the enterprise fund 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 the enterprise fund consist of donated food, purchased food, and non-food supplies and are expensed when used.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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 is reported in the year in which services are consumed.

G. 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 amounts required by statute to be set-aside by the School District for the purchase of textbooks and other instructional material and the creation of a reserve for budget stabilization.

H. Estimates

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

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 enterprise fund 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 five hundred dollars. The School District does not have any infrastructure.

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture, fixtures, and equipment in the enterprise fund is computed using the straight-line method over estimated useful lives of five to twenty years. Improvements to enterprise fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

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.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Program

Non-Reimbursable Grants

Special Revenue Funds

- Education Management Information Systems
- Public School Preschool
- Instructional Materials Subsidy
- Goals 2000 Grant
- Title I
- Title VI
- Title III
- Title VI-B
- Drug-Free Schools
- Professional Development Block Grant
- Continuous Improvement Grant
- State Land Grant
- Safe School Help Grant
- Class Size Reduction

Capital Projects Funds

- School Net Plus
- Technology Equity
- Video Distance Learning
- Emergency Repair Grant

Reimbursable Grants

General Fund

- Driver Education

Special Revenue

- Ohio Reads

Proprietary Funds

- National School Lunch Program
- Government Donated Commodities

Grants and entitlements received in governmental funds amounted to 53 percent of governmental fund revenue during the 2000 fiscal year.

K. Interfund Assets/Liabilities

Short-term interfund loans are classified as "Interfund Receivables" and "Interfund Payables".

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

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 the enterprise fund, the entire amount of compensated absences is reported as a fund liability.

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 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 using current available financial resources. Bonds and the long-term loan are reported as a liability of the general long-term obligations account group until due.

Long-term obligations financed by the enterprise fund are reported as liabilities in the enterprise fund.

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.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, inventory of supplies and materials, property taxes, textbook and instructional materials and budget stabilization.

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.

P. Fund Designations

Fund balance designations may be established to indicate tentative planned expenditures of financial resources. The designations reflect the School District's intentions and are subject to change. Designations are reported as part of unreserved fund balance. Designations arise when amounts set-aside exceed the statutory required amount. The amount designated this year for the School District is \$59,951 for budget stabilization.

Q. 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. ACCOUNTABILITY

A. Accountability

At June 30, 2000, the Ohio Reads Special Revenue Fund, the Emergency Building Repair Capital Projects Fund, and the Food Service Enterprise Fund had deficit fund balances/retained earnings of \$392, \$32,032, and \$5,108, respectively, which were created by the application of 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. The deficit in the Food Service Enterprise Fund is the result of accumulated losses. The School District is analyzing fund operations to determine appropriate steps to alleviate the deficit.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

4. 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 Fund and the Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual - Proprietary Fund Type 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:

- a. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- b. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- c. 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 enterprise fund (GAAP basis).
- d. The School District does not budget for the activities of various grants administered by the fiscal agent who collects and holds the assets (budget basis). However, the activities of the fiscal agent that pertain to Cedar Cliff Local School District are included in the special revenue funds for GAAP reporting purposes (GAAP basis).
- e. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
- f. For the enterprise fund, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

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

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
GAAP Basis	\$54,734	(\$19,596)	\$6,534	\$44,304
Revenue Accruals	20,369	6,929	(2,289)	(3,421)
Expenditure Accruals	29,278	2,918	0	(13,253)
Prepaid Items	263	0	0	0
Excess of Revenues Over Expenditures for Non-budgeted Funds	0	(265)	0	0
Advances	152,220	2,392	0	(154,612)
Encumbrances	(69,293)	(1,986)	0	(63,119)
Budget Basis	<u>\$187,571</u>	<u>(\$9,608)</u>	<u>\$4,245</u>	<u>(\$190,101)</u>

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

For the expendable trust fund, the GAAP basis was the same as the budget basis because there were no revenue or expense accruals; therefore, a table is not presented.

**Net Income/Excess of Revenues Under Expenses
Proprietary Fund Type**

	Enterprise
GAAP Basis	\$478
Revenue Accruals	(73)
Expense Accruals	(1,527)
Materials and Supplies Inventory	129
Inventory Held for Resale	262
Acquisition of Fixed Assets	(5,057)
Depreciation Expense	2,935
Encumbrances	(150)
Budget Basis	(\$3,003)

5. DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current 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 accounts, including, but not limited to, passbook accounts.

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

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

5. DEPOSITS AND INVESTMENTS (Continued)

State statute permits interim monies to be deposited or invested in the following securities:

- a. 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;
- b. Bonds, notes debentures, or any other obligations or security issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- c. 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;
- d. Bonds and other obligations of the State of Ohio;
- e. 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;
- f. The State Treasurer's investment pool (STAR Ohio);
- g. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
- h. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

Cash on Hand: At fiscal year end, the School District had \$50 in undeposited cash on hand which is included on the balance sheet of the School District as part of "Equity in Pooled Cash and Cash Equivalents".

The "Cash and Cash Equivalents with Fiscal Agent" of \$5,528 shown in the special revenue funds is maintained with the Greene County Educational Service Center. Disclosures regarding this amount can be obtained from their annual report.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

5. DEPOSITS AND INVESTMENTS (Continued)

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

Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$997,296 and the bank balance was \$1,063,718. Of the bank balance:

- a. \$200,000 was covered by federal depository insurance; and
- b. \$863,718 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

Investments: The School District's investments are categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. The School District did not have any investments at June 30, 2000.

6. PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility, and tangible personal property 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, 1999. Collections are made in 2000. Tangible personal property assessments are twenty-five percent of true value.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

6. PROPERTY TAXES (Continued)

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

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

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

	<u>1999 Second- Half Collections</u>		<u>2000 First- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$44,008,940	85.62%	\$49,279,170	85.93%
Tangible Personal Property	7,390,613	14.38	8,066,779	14.07
Total Assessed Value	<u>\$51,399,553</u>	<u>100.00%</u>	<u>\$57,345,949</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$37.05		\$36.95	

The tax rate decreased due to a levy that expired.

The School District receives property taxes from Greene County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 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 and real property and tangible personal property taxes which became measurable as of June 30, 2000. 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 \$97,464 in the General Fund, and \$19,862 in the Permanent Improvement Capital Projects Fund.

7. INCOME TAX

The School District levies a voted tax of one percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1991, and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue in the amount of \$567,324 was credited to the General Fund during fiscal year 2000.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

8. RECEIVABLES

Receivables at June 30, 2000, consisted of both income and property taxes, accounts (student fees), intergovernmental, accrued interest, and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. The intergovernmental receivable of \$96 was for federal and state subsidies received in the Food Service Enterprise Fund.

9. FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 2000, follows:

Furniture and Equipment	\$49,843
Less Accumulated Depreciation	<u>(20,368)</u>
Net Fixed Assets	<u><u>\$29,475</u></u>

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

<u>Asset Category</u>	<u>Balance at 6/30/99</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 6/30/00</u>
Land and Improvements	\$39,350	\$0	\$0	\$39,350
Buildings and Improvements	847,418	252,013	0	1,099,431
Furniture, Fixtures and Equipment	615,137	172,826	30,215	757,748
Vehicles	274,053	53,405	11,861	315,597
Totals	<u>\$1,775,958</u>	<u>\$478,244</u>	<u>\$42,076</u>	<u>\$2,212,126</u>

There was no significant construction in progress at June 30, 2000.

10. RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2000, the School District contracted with Indiana Insurance for property and fleet insurance, while the School District contracted with Nationwide Insurance for liability insurance and inland marine coverage.

Coverages provided by Indiana and Nationwide Insurance are as follows:

Building and Contents-replacement cost (\$500 deductible)	\$10,567,046
Inland Marine Coverage (\$100 deductible)	76,861
Boiler and Machinery (\$500 deductible)	No limit
Crime Insurance	3,000
Automobile Liability (\$100 deductible)	1,000,000
Uninsured Motorists (\$250 deductible)	1,000,000
General Liability	
Per occurrence	1,000,000
Total per year	5,000,000

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

10. RISK MANAGEMENT (Continued)

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

B. Workers' Compensation

For fiscal year 2000, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), a workers' compensation insurance purchasing pool (Note 16). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control, and actuarial services to the GRP.

11. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (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 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 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current 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 District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$22,946, \$36,350, and \$64,242, respectively; 40.47 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$13,660 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement, disability, survivor and health care benefits based on eligible service credit 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.

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 recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$121,121, \$104,018, and \$219,565, respectively; 83.61 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$19,855 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, four members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid. The remaining board member contributed to SERS.

12. POSTEMPLOYMENT BENEFITS

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified 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 \$161,495 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.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

12. POSTEMPLOYMENT BENEFITS (Continued)

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2000, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase from 6.3 percent over 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 member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2000 fiscal year equaled \$41,328.

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. EMPLOYEE BENEFITS

A. Compensated Absences

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 232 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 45.75 days for all employees.

B. Insurance Benefits

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

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

14. LONG-TERM OBLIGATIONS

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

	<u>Principal Outstanding 6/30/99</u>	<u>Additions</u>	<u>Deductions</u>	<u>Principal Outstanding 6/30/00</u>
School Improvement Bond 1980 8.125%	\$125,000	\$0	\$65,000	\$60,000
Energy Conservation Loan 1991 7.00%	42,000	0	20,000	22,000
Intergovernmental Payable	21,348	21,137	21,348	21,137
Compensated Absences	353,619	0	14,832	338,787
Total General Long-Term Obligations	<u><u>\$541,967</u></u>	<u><u>\$21,137</u></u>	<u><u>\$121,180</u></u>	<u><u>\$441,924</u></u>

The School Improvement General Obligation Bond was issued to provide school improvements. The final maturity date is June, 2001. This bond will be paid from the Bond Retirement Debt Service Fund.

The Energy Conservation Loan was issued for the purpose of purchasing and installing energy conservation measures. The final maturity date is April, 2001. This loan will be paid from the General Fund.

The intergovernmental payable and compensated absences will be paid from the fund from which the employees' salaries are paid. The intergovernmental payable represents contractually required pension contributions paid outside the available period.

The School District's overall legal debt margin was \$5,204,185, energy conservation debt margin was \$494,114, and an unvoted debt margin of \$57,346 at June 30, 2000.

Principal and interest requirements to retire general obligation debt, including the loan outstanding at June 30, 2000, are as follows:

<u>Fiscal year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$82,000	\$3,978	\$85,978

15. INTERFUND ACTIVITY

As of June 30, 2000, there were receivables and payables that resulted from various interfund transactions. The General Fund had an interfund receivable of \$34,480, while the Ohio Reads Special Revenue Fund had an interfund payable of \$2,392. The Emergency Building Repair Capital Projects Fund also had an interfund payable of \$32,088.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

16. JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOL

A. Jointly Governed Organizations

Miami Valley Educational Computer Association - The School District is a participant in the Miami Valley Educational Computer Association (MVECA) which is a computer consortium. MVECA is an association of public schools within the boundaries of Clark, Clinton, Fayette, Greene and Highland 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 districts.

The governing board of MVECA consists of one representative from each county elected by majority vote of all charter member school districts within each county plus one representative from the fiscal agent. The School District paid MVECA \$14,171 for services provided during the year. Financial information can be obtained from Gary Bosserman, who serves as Director, at 330 East Enon Road, Yellow Springs, Ohio 45387.

Southwestern Ohio Educational Purchasing Council -The School District participates in the Southwestern Ohio Educational Purchasing Council (SOEPC). The Montgomery County Educational Service Center acts as the Fiscal Agent for the group. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC.

Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts by the Fiscal Agent. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the General Fund. During fiscal year 2000, the School District paid \$574 for membership in the SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Robert Brown, who serves as Director, at 1831 Harshman Road, Dayton, Ohio 45424.

Southwestern Ohio Instructional Technology Association - The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation. The purpose of the corporation is to serve the educational needs of the area through television programming for the advancement of educational programs.

The Board of Trustees is comprised of twenty-one representatives of SOITA member schools or institutions. Nineteen representatives are elected from within the counties by the qualified members within the counties, i.e., Auglaize, Butler, Champaign, Clark, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby, and Warren. Montgomery, Greene and Butler Counties elect two representatives per area. All others elect one representative per area. One at-large non-public representative is elected by the non-public school SOITA members in the State-assigned SOITA service area. One at-large higher education representative is elected by higher education SOITA members from within the State-assigned SOITA service area.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

16. JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOL (Continued)

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the General Fund. During fiscal year 2000, the School District paid \$15,897 to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Steve Strouse, who serves as Director, at 150 East Sixth Street, Franklin, Ohio 45005.

Greene County Career Center - The Greene County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating school districts' elected boards, which possesses its own budgeting and taxing authority. One member is appointed from the following school districts: Xenia City, Fairborn City, Beavercreek Local, Cedar Cliff Local, Greeneview Local, Sugarcreek Local, and Yellow Springs Exempted Village. The School District did not have any financial transactions with the Greene County Career Center during fiscal year 2000. To obtain financial information, write to the Greene County Career Center, Chip Arledge, who serves as Treasurer, at 2960 West Enon Road, Xenia, Ohio 45385.

B. Insurance Purchasing Pool

Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan - The School District participates in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP). The GRP's business and affairs are conducted by a eleven member Executive Committee consisting of the Chairperson, the Vice-Chairperson, a representative from the Montgomery County Educational Service Center and eight other members elected by majority vote of all member school districts. The Chief Administrator of the GRP serves as the 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.

17. SCHOOL FUNDING COURT DECISION

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

A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.

Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

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

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

17. SCHOOL FUNDING COURT DECISION (Continued)

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of November 27, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001. On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration. As of the date of these financial statements, the School District is unable to determine what effect, if any, this decision and the reconsideration will have on its future State funding and on its financial operations.

18. CONTINGENCIES

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.

19. SET-ASIDE CALCULATIONS

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

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

	Textbooks/ Instructional Materials	Capital Acquisition	Budget Stabilization
Set-aside Reserve Balance as of June 30, 1999	\$0	\$0	\$30,637
Current Year Set-aside Requirement	87,229	87,229	0
Additional Money Set Aside	0	0	59,951
Current Year Offsets	0	(133,679)	0
Qualifying Disbursements	(47,147)	(68,627)	0
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$40,082</u>	<u>(\$115,077)</u>	<u>\$90,588</u>
Set-aside Reserve Balance as of June 30, 2000	<u>\$40,082</u>	<u>\$0</u>	<u>\$30,637</u>

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

19. SET-ASIDE CALCULATIONS (Continued)

The capital acquisition set-aside balance can be used to reduce the set-aside requirement in future fiscal years. The total reserve balance for textbooks/instructional materials and budget stabilization set-aside at the end of the fiscal year was \$40,082 and \$30,637, respectively.

20. SIGNIFICANT CONTRACTUAL COMMITMENTS

As of June 30, 2000, the School District had contractual purchase commitments as follows:

<u>Company</u>	<u>Project</u>	<u>Amount Remaining On Contract</u>
Bregway Corporation	Re-roofing Project	\$54,361
SEM Partners, Inc.	Architectural Services	8,125

21. SUBSEQUENT EVENT

On November 7, 2000, the residents in the School District approved a 3.0 mill replacement levy for permanent improvements that will be levied for 4 years.

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Cedar Cliff Local School District
Greene County
Post Office Box 45
Cedarville, Ohio 45314

To the Board of Education:

We have audited the financial statements of Cedar Cliff Local School District, Greene County, (the District) as of and for the years ended June 30, 2001 and 2000, and have issued our report thereon dated November 27, 2001, wherein we noted that for the year ended June 30, 2001, the District adopted Government Accounting Statement No. 33. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's 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 non-compliance that we have reported to management of the District in a separate letter dated November 27, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated November 27, 2001.

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

Jim Petro
Auditor of State

November 27, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

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CEDAR CLIFF LOCAL SCHOOL DISTRICT

GREENE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 27, 2001**