



Mary Taylor, CPA
Auditor of State

**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Cambridge City School District, Guernsey County, Ohio, as of June 30, 2009, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, the School District was placed in Fiscal Caution by the Ohio Department of Education on February 16, 2006 due to a projected General Fund deficit. The School District was removed from Fiscal Caution by the Ohio Department of Education on April 7, 2009.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2010, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

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

Mary Taylor, CPA
Auditor of State

February 8, 2010

Cambridge City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

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

Financial Highlights

Key financial highlights for the fiscal year 2009 are as follows:

- Net assets of governmental activities decreased \$997,362.
- General revenues accounted for \$17,908,211 in revenue or 73 percent of all revenues for governmental activities. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$6,500,692 or 27 percent of total revenues of \$24,408,903.
- The School District had \$25,406,265 in expenses related to governmental activities; only \$6,500,692 of these expenses were offset by program specific charges for services, grants, contributions, and interest.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Cambridge City School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions.

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

Reporting the School District as a Whole

Statement of Net Assets and Statement of Activities

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

Cambridge City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

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

In the Statement of Net Assets and the Statement of Activities, all of the School District's activities are reported as governmental including instruction, support services, operation of non-instructional services, extracurricular activities, and debt service.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 8. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund and Bond Retirement Debt Service Fund.

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

Cambridge City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
 Unaudited

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2009 compared to 2008.

(Table 1)
 Net Assets

	Governmental Activities		
	2009	2008	Change
Assets			
Current and Other Assets	\$14,746,387	\$14,501,788	\$244,599
Capital Assets, Net	42,102,972	43,303,315	(1,200,343)
<i>Total Assets</i>	<u>56,849,359</u>	<u>57,805,103</u>	<u>(955,744)</u>
Liabilities			
Current and Other Liabilities	8,102,319	7,771,476	330,843
Long-Term Liabilities			
Due Within One Year	443,868	419,231	24,637
Due in More Than One Year	7,090,158	7,404,020	(313,862)
<i>Total Liabilities</i>	<u>15,636,345</u>	<u>15,594,727</u>	<u>41,618</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	36,062,962	37,125,636	(1,062,674)
Restricted	4,019,961	4,237,334	(217,373)
Unrestricted (Deficit)	1,130,091	847,406	282,685
<i>Total Net Assets</i>	<u>\$41,213,014</u>	<u>\$42,210,376</u>	<u>(\$997,362)</u>

Total assets decreased \$955,744. This is due to a decrease in capital assets of \$1,200,343 resulting from current year depreciation exceeding capital asset additions. Total liabilities increased by \$41,618, however long-term liabilities decreased by \$289,225 attributable to bond principal payments on the outstanding debt issues. The largest change in net assets is in invested in capital assets, net of related debt, a decrease of \$1,062,674. This change results from the change in capital assets as described above.

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2009, compared to June 30, 2008.

Cambridge City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
 Unaudited

(Table 2)
 Changes in Net Assets

	Governmental Activities		Change
	2009	2008	
Revenues			
Program Revenues			
Charges for Services	\$1,300,649	\$1,345,818	(\$45,169)
Operating Grants, Contributions, and Interest	5,157,263	4,999,017	158,246
Capital Grants, Contributions, and Interest	42,780	22,346	20,434
Total Program Revenues	<u>6,500,692</u>	<u>6,367,181</u>	<u>133,511</u>
General Revenues			
Property Taxes	5,686,432	6,660,731	(974,299)
Grants and Entitlements	11,880,887	11,672,356	208,531
Gifts and Donations	0	5,030	(5,030)
Interest	90,866	243,088	(152,222)
Miscellaneous	250,026	46,508	203,518
Total General Revenues	<u>17,908,211</u>	<u>18,627,713</u>	<u>(719,502)</u>
Total Revenues	<u>24,408,903</u>	<u>24,994,894</u>	<u>(585,991)</u>
Program Expenses			
Instruction:			
Regular	9,837,188	11,574,480	(1,737,292)
Special	4,239,135	2,391,606	1,847,529
Vocational	195,131	151,508	43,623
Adult/Continuing	13,288	0	13,288
Intervention	306,351	236,549	69,802
Support Services:			
Pupils	967,372	936,359	31,013
Instructional Staff	1,491,408	1,152,896	338,512
Board of Education	42,603	34,550	8,053
Administration	1,559,828	1,658,115	(98,287)
Fiscal	516,289	533,240	(16,951)
Business	160,053	134,860	25,193
Operation and Maintenance of Plant	2,406,953	2,336,714	70,239
Pupil Transportation	1,070,833	1,154,934	(84,101)
Central	200,077	171,200	28,877
Operation of Non-Instructional Services:			
Food Service Operations	1,362,942	1,341,792	21,150
Other Non-Instructional Services	162,085	102,928	59,157
Extracurricular Activities	559,323	508,873	50,450
Interest and Fiscal Charges	315,406	337,509	(22,103)
Total Expenses	<u>25,406,265</u>	<u>24,758,113</u>	<u>648,152</u>
Change in Net Assets	(997,362)	236,781	(1,234,143)
Net Assets Beginning of Year	<u>42,210,376</u>	<u>41,973,595</u>	<u>236,781</u>
Net Assets End of Year	<u>\$41,213,014</u>	<u>\$42,210,376</u>	<u>(\$997,362)</u>

Cambridge City School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2009

Unaudited

Property taxes made up approximately 32 percent of general revenues for governmental activities for Cambridge City School District. Of the remaining general revenues, the School District receives 66 percent from state foundation and federal and state grants, and 2 percent from interest and miscellaneous receipts. The School District experienced a decrease in property taxes from fiscal year 2008 to fiscal year 2009. The School District received a tax advance during fiscal year 2008 resulting in fiscal year 2009 property tax revenue to be lower than usual. Therefore, the School District saw a decrease of tax revenue from fiscal year 2008 to fiscal year 2009 as a result of the previous advance.

Instructional expenses comprise 57 percent of the School District's governmental program expenses. Support services make up 33 percent of expenses and 10 percent is used for interest and fiscal charges, extracurricular activities, and non-instructional services.

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

(Table 3)
Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2009	2009	2008	2008
Program Expenses				
Instruction:				
Regular	\$9,837,188	\$8,460,916	\$11,574,480	\$9,954,916
Special	4,239,135	2,410,163	2,391,606	642,400
Vocational	195,131	103,055	151,508	9,503
Adult/Continuing	13,288	13,288	0	0
Intervention	306,351	194,339	236,549	133,705
Support Services:				
Pupils	967,372	883,448	936,359	887,174
Instructional Staff	1,491,408	509,397	1,152,896	276,519
Board of Education	42,603	28,463	34,550	24,536
Administration	1,559,828	1,465,667	1,658,115	1,520,398
Fiscal	516,289	345,480	533,240	378,383
Business	160,053	160,053	134,860	134,860
Operation and Maintenance of Plant	2,406,953	2,236,064	2,336,714	2,321,062
Pupil Transportation	1,070,833	1,009,069	1,154,934	1,142,602
Central	200,077	165,012	171,200	154,059
Operation of Non-Instructional Services				
Food Service Operations	1,362,942	180,668	1,341,792	212,845
Other Non-Instructional Services	162,085	34,703	102,928	1,175
Extracurricular Activities	559,323	390,382	508,873	259,286
Interest and Fiscal Charges	315,406	315,406	337,509	337,509
Total	\$25,406,265	\$18,905,573	\$24,758,113	\$18,390,932

Cambridge City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

The dependence upon tax revenues and state subsidies for governmental activities is apparent. 74 percent of total expenses are supported through taxes and other general revenues.

The School District Major Funds

The School District's major funds are accounted for using the modified accrual basis of accounting. The General Fund had total revenues of \$19,715,685 and expenditures of \$18,590,459. The fund balance of the General Fund increased \$1,777,916 from fiscal year 2008 due to increases in property tax and intergovernmental revenue and a small decrease in overall expenditures.

The Bond Retirement Debt Service Fund had total revenues of \$958,420 and expenditures of \$647,898. The Bond Retirement Building Project Debt Service Fund experienced an increase in fund balance of \$310,522. The School District experienced an increase in fund balance due to increases in property tax revenue and a decrease in expenditures relating to debt service.

General Fund Budgeting Highlights

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

During the course of fiscal 2009, the School District amended its General Fund budget although not significant. The School District uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, budget basis revenue was \$19,072,275, \$289,353 below final estimates of \$19,361,628. The majority of this difference was due to an overestimate in intergovernmental revenues. Final estimated revenues were \$1,399,018 below original estimated revenues of \$20,760,646. Expenditures of \$18,896,063 were \$26,091 below final appropriations of \$18,922,154. Final appropriations were \$128,819 above original appropriations of \$18,793,335.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2009, the School District had \$42,102,972 invested in land, land improvements, buildings and improvements, furniture and fixtures, machinery and equipment, and vehicles. Table 4 shows fiscal year 2009 balances compared to 2008.

Cambridge City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
 Unaudited

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

	Governmental Activities	
	2009	2008
Land	\$5,031,339	\$5,031,339
Land Improvements	480,194	512,997
Buildings and Improvements	35,399,561	36,451,191
Furniture and Fixtures	441,756	468,182
Machinery and Equipment	557,887	581,027
Vehicles	192,235	258,579
Totals	\$42,102,972	\$43,303,315

See Note 12 to the basic financial statements for more information on capital assets.

Debt

At June 30, 2009, the School District had \$6,223,196 in general obligation bonds outstanding, of which \$335,000 is due within one year. Also, the School District entered into two capital lease agreements during the year with \$44,838 outstanding at year end. See Note 16 to the basic financial statements for more information on debt.

Current Issues

The Board of Education and administration closely monitor the School District's revenues and expenses in accordance with its financial forecast and work to prudently utilize, efficiently and effectively, the tax dollars and other resources available.

The School District faces many challenges in today's environment and does not anticipate any meaningful growth in State revenue due to uncertainties surrounding the State budget and the State's unwillingness to adequately support school districts with higher property valuations per pupil.

The School District's emergency operating levy generates \$1,455,000 each year. The School District placed a renewal of the existing emergency operating levy on the ballot in November, 2006. The issue passed and will result in the School District maintaining revenues of \$1,455,000 annually.

Based on the current financial situation, and the ability to maintain current program and staffing levels, the School District will be able to maintain financial stability. The Board of Education and administration of the School District must maintain financial management in order to preserve financial stability.

Cambridge City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

Contacting the School District's Financial Management

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Charles Radcliff, Treasurer, at Cambridge City School District, 6111 Fairdale Road, Cambridge, Ohio 43725, or E-Mail at charles.radcliff@omeresanet.net.

Cambridge City School District, Ohio

Statement of Net Assets

June 30, 2009

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$6,853,653
Cash and Cash Equivalents in Segregated Accounts	5,395
Investments in Segregated Accounts	14,394
Inventory Held for Resale	2,711
Materials and Supplies Inventory	52,960
Accounts Receivable	106,292
Intergovernmental Receivable	300,473
Prepaid Items	70,946
Property Taxes Receivable	7,288,278
Deferred Charges	51,285
Nondepreciable Capital Assets	5,031,339
Depreciable Capital Assets, Net	<u>37,071,633</u>
<i>Total Assets</i>	<u>56,849,359</u>
Liabilities	
Accounts Payable	208,975
Accrued Wages and Benefits Payable	2,156,193
Matured Compensated Absences Payable	87,381
Intergovernmental Payable	582,153
Accrued Interest Payable	21,640
Deferred Revenue	4,565,977
Claims Payable	480,000
Long-Term Liabilities:	
Due Within One Year	443,868
Due In More Than One Year	<u>7,090,158</u>
<i>Total Liabilities</i>	<u>15,636,345</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	36,062,962
Restricted for:	
Debt Service	1,800,880
Capital Projects	1,718,847
Bus Purchase	82,185
Music Supplies:	
Non-Expendable	500
Expendable	1,986
Other Purposes	415,563
Unrestricted	<u>1,130,091</u>
<i>Total Net Assets</i>	<u>\$41,213,014</u>

See accompanying notes to the basic financial statements

Cambridge City School District, Ohio

Statement of Activities

For the Fiscal Year Ended June 30, 2009

	Expenses	Program Revenues			Net Expense and Change in Net Assets
		Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants, Contributions, and Interest	Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$9,837,188	\$801,619	\$574,653	\$0	(\$8,460,916)
Special	4,239,135	16,329	1,812,643	0	(2,410,163)
Vocational	195,131	0	92,076	0	(103,055)
Adult/Continuing	13,288	0	0	0	(13,288)
Intervention	306,351	0	112,012	0	(194,339)
Support Services:					
Pupils	967,372	0	83,924	0	(883,448)
Instructional Staff	1,491,408	0	982,011	0	(509,397)
Board of Education	42,603	0	0	14,140	(28,463)
Administration	1,559,828	0	94,161	0	(1,465,667)
Fiscal	516,289	0	170,809	0	(345,480)
Business	160,053	0	0	0	(160,053)
Operation and Maintenance of Plant	2,406,953	150	170,739	0	(2,236,064)
Pupil Transportation	1,070,833	0	33,124	28,640	(1,009,069)
Central	200,077	0	35,065	0	(165,012)
Operation of Non-Instructional Services:					
Food Service Operations	1,362,942	322,647	859,627	0	(180,668)
Other Non-Instructional Services	162,085	0	127,382	0	(34,703)
Extracurricular Activities	559,323	159,904	9,037	0	(390,382)
Interest and Fiscal Charges	315,406	0	0	0	(315,406)
<i>Totals</i>	<u>\$25,406,265</u>	<u>\$1,300,649</u>	<u>\$5,157,263</u>	<u>\$42,780</u>	<u>(18,905,573)</u>
General Revenues					
Property Taxes Levied For:					
					4,953,718
					662,939
					69,775
Grants and Entitlements not Restricted to Specific Programs					
					11,880,887
					90,866
					250,026
					<u>17,908,211</u>
					(997,362)
					<u>42,210,376</u>
					<u>\$41,213,014</u>

See accompanying notes to the basic financial statements

Cambridge City School District, Ohio

Balance Sheet

Governmental Funds

June 30, 2009

	General	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,145,166	\$1,500,885	\$2,508,998	\$5,155,049
Cash and Cash Equivalents in Segregated Accounts	0	0	5,395	5,395
Investments in Segregated Accounts	14,394	0	0	14,394
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	82,185	0	0	82,185
Receivables:				
Property Taxes	6,325,718	872,753	89,807	7,288,278
Accounts	53,210	0	48,037	101,247
Intergovernmental	9,606	186	290,681	300,473
Interfund	1,851	0	0	1,851
Prepaid Items	67,618	0	3,328	70,946
Inventory Held for Resale	0	0	2,711	2,711
Materials and Supplies Inventory	51,119	0	1,841	52,960
<i>Total Assets</i>	<u>\$7,750,867</u>	<u>\$2,373,824</u>	<u>\$2,950,798</u>	<u>\$13,075,489</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$162,293	\$0	\$35,682	\$197,975
Accrued Wages and Benefits Payable	1,778,863	0	377,330	2,156,193
Matured Compensated Absences Payable	54,992	0	32,389	87,381
Intergovernmental Payable	429,018	0	153,135	582,153
Interfund Payable	0	0	1,851	1,851
Deferred Revenue	4,121,132	561,823	379,680	5,062,635
<i>Total Liabilities</i>	<u>6,546,298</u>	<u>561,823</u>	<u>980,067</u>	<u>8,088,188</u>
Fund Balances				
Reserved for Encumbrances	544,719	0	144,745	689,464
Reserved for Property Taxes	2,267,502	310,930	31,991	2,610,423
Reserved for Bus Purchase	82,185	0	0	82,185
Reserved for Endowment	0	0	500	500
Unreserved, Undesignated, Reported in:				
General Fund (Deficit)	(1,689,837)	0	0	(1,689,837)
Special Revenue Funds	0	0	72,662	72,662
Debt Service Fund	0	1,501,071	0	1,501,071
Capital Projects Funds	0	0	1,718,847	1,718,847
Permanent Fund	0	0	1,986	1,986
<i>Total Fund Balances</i>	<u>1,204,569</u>	<u>1,812,001</u>	<u>1,970,731</u>	<u>4,987,301</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$7,750,867</u>	<u>\$2,373,824</u>	<u>\$2,950,798</u>	<u>\$13,075,489</u>

See accompanying notes to the basic financial statements

Cambridge City School District, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2009*

Total Governmental Fund Balances		\$4,987,301
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		42,102,972
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes	111,878	
Grants	330,849	
Interfund Receivable	1,851	
Miscellaneous Accounts Receivable	1,334	
Miscellaneous Revenue	2,718	
Student Fees	48,028	496,658
Accrued interest payable is recognized for outstanding long-term liabilities with interest accruals that are not expected to be paid with expendable available resources and therefore are not reported in the funds.		(21,640)
Unamortized issuance costs represent deferred charges which do not provide current financial resources and therefore are not reported in the funds.		51,285
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds Payable	(6,223,196)	
Capital Leases	(44,838)	
Compensated Absences Payable	(1,265,992)	(7,534,026)
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		1,130,464
<i>Net Assets of Governmental Activities</i>		\$41,213,014

See accompanying notes to the basic financial statements

Cambridge City School District, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2009

	General	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$5,802,371	\$788,623	\$81,995	\$6,672,989
Intergovernmental	13,041,855	169,797	4,116,474	17,328,126
Interest	39,608	0	41,411	81,019
Tuition and Fees	722,152	0	35,167	757,319
Rent	150	0	1,320	1,470
Extracurricular Activities	32,406	0	126,178	158,584
Gifts and Donations	5,560	0	14,692	20,252
Customer Sales and Services	67,744	0	322,647	390,391
Miscellaneous	3,839	0	238,424	242,263
<i>Total Revenues</i>	<u>19,715,685</u>	<u>958,420</u>	<u>4,978,308</u>	<u>25,652,413</u>
Expenditures				
Current:				
Instruction:				
Regular	8,500,636	0	726,189	9,226,825
Special	3,196,639	0	913,193	4,109,832
Vocational	186,571	0	0	186,571
Adult/Continuing	13,288	0	0	13,288
Intervention	169,698	0	123,903	293,601
Support Services:				
Pupils	836,118	0	105,250	941,368
Instructional Staff	325,106	0	1,096,606	1,421,712
Board of Education	41,036	0	0	41,036
Administration	1,338,952	0	100,458	1,439,410
Fiscal	495,760	22,500	2,355	520,615
Business	157,240	0	0	157,240
Operation and Maintenance of Plant	1,895,783	0	220,221	2,116,004
Pupil Transportation	938,481	0	36,248	974,729
Central	135,789	0	38,787	174,576
Operation of Non-Instructional Services:				
Food Service Operations	0	0	1,234,853	1,234,853
Other Non-Instructional Services	1,140	0	155,943	157,083
Extracurricular Activities	262,096	0	222,779	484,875
Capital Outlay	84,133	0	148,736	232,869
Debt Service:				
Principal Retirement	7,852	370,000	0	377,852
Interest and Fiscal Charges	4,141	41,638	0	45,779
Capital Appreciation Bonds Interest	0	213,760	0	213,760
<i>Total Expenditures</i>	<u>18,590,459</u>	<u>647,898</u>	<u>5,125,521</u>	<u>24,363,878</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	1,125,226	310,522	(147,213)	1,288,535
Other Financing Source				
Inception of Capital Lease	52,690	0	0	52,690
<i>Net Change in Fund Balances</i>	1,177,916	310,522	(147,213)	1,341,225
<i>Fund Balances Beginning of Year - Restated (See Note 3)</i>	<u>26,653</u>	<u>1,501,479</u>	<u>2,117,944</u>	<u>3,646,076</u>
<i>Fund Balances End of Year</i>	<u>\$1,204,569</u>	<u>\$1,812,001</u>	<u>\$1,970,731</u>	<u>\$4,987,301</u>

See accompanying notes to the basic financial statements

Cambridge City School District, Ohio
*Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2009*

Net Change in Fund Balances - Total Governmental Funds \$1,341,225

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

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

Capital Asset Additions	52,690	
Depreciation Expense	<u>(1,253,033)</u>	(1,200,343)

Revenues or reductions in expenditures in the statement of activities that do not provide current financial resources are not reported in the funds:

Grants	(283,172)	
Miscellaneous Accounts Receivable	1,334	
Interfund Receivable	1,851	
Student Fees	(7,115)	
Miscellaneous Revenue	2,718	
Delinquent Taxes	<u>(986,557)</u>	(1,270,941)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets:

General Obligation Bonds	370,000	
Capital Leases	<u>7,852</u>	377,852

Inception of capital lease is reported as an other financing source in the governmental funds, but the inception increases long-term liabilities on the statement of net assets. (52,690)

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities. Premiums and discounts are reported as revenues and expenditures when the debt is first issued; however, these amounts are deferred and amortized on the statement of activities:

Accrued Interest Payable	129	
Capital Appreciation Bond Premium	56,567	
Amortization of Discount	(3,337)	
Amortization of Serial Premium	8,137	
Amortization of Deferred Amount on Refunding	(31,279)	
Annual Accretion	(82,263)	
Amortization of Issuance Costs	<u>(3,821)</u>	(55,867)

Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 16,238

The internal service fund is used by management to charge the costs of insurance to individual funds. The net change of the internal service fund is reported with governmental activities. (152,836)

Change in Net Assets of Governmental Activities (\$997,362)

See accompanying notes to the basic financial statements

Cambridge City School District, Ohio
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$7,269,206	\$5,161,245	\$5,160,533	(\$712)
Intergovernmental	12,534,217	13,303,361	13,040,535	(262,826)
Interest	143,089	43,598	39,693	(3,905)
Tuition and Fees	755,413	742,245	724,472	(17,773)
Rent	169	150	150	0
Extracurricular Activities	26,360	30,202	32,406	2,204
Gifts and Donations	10,038	12,418	5,560	(6,858)
Customer Sales and Services	8,693	10,000	67,744	57,744
Miscellaneous	13,461	58,409	1,182	(57,227)
<i>Total Revenues</i>	20,760,646	19,361,628	19,072,275	(289,353)
Expenditures				
Current:				
Instruction:				
Regular	6,956,813	8,930,430	8,545,473	384,957
Special	2,013,024	2,846,978	3,157,611	(310,633)
Vocational	351,552	177,810	270,726	(92,916)
Adult/Continuing	7,077	0	13,288	(13,288)
Intervention	1,611,021	102,457	136,796	(34,339)
Support Services:				
Pupils	701,894	886,675	808,000	78,675
Instructional Staff	325,604	317,333	317,593	(260)
Board of Education	56,749	38,394	43,111	(4,717)
Administration	1,457,526	1,480,193	1,351,622	128,571
Fiscal	557,338	480,260	509,088	(28,828)
Business	191,283	141,596	145,194	(3,598)
Operation and Maintenance of Plant	2,699,899	2,002,618	2,089,041	(86,423)
Pupil Transportation	1,502,957	1,156,088	1,048,086	108,002
Central	192,221	131,681	172,636	(40,955)
Operation of Non-Instructional Services	3,242	2,935	1,140	1,795
Extracurricular Activities	148,390	209,846	255,215	(45,369)
Capital Outlay	16,745	16,860	31,443	(14,583)
<i>Total Expenditures</i>	18,793,335	18,922,154	18,896,063	26,091
<i>Excess of Revenues Over (Under) Expenditures</i>	1,967,311	439,474	176,212	(263,262)
Other Financing Sources (Uses)				
Refund of Prior Year Expenditures	3,637	5,637	6,949	1,312
Advances In	68,510	8,854	177,771	168,917
Advances Out	0	0	(168,917)	(168,917)
Refund of Prior Year Receipts	0	(50,000)	(55,857)	(5,857)
<i>Total Other Financing Sources (Uses)</i>	72,147	(35,509)	(40,054)	(4,545)
<i>Net Change in Fund Balance</i>	2,039,458	403,965	136,158	(267,807)
<i>Fund Balance Beginning of Year</i>	214,476	214,476	214,476	0
Prior Year Encumbrances Appropriated	286,517	286,517	286,517	0
<i>Fund Balance End of Year</i>	\$2,540,451	\$904,958	\$637,151	(\$267,807)

See accompanying notes to the basic financial statements

Cambridge City School District, Ohio

Statement of Fund Net Assets

Internal Service Fund

June 30, 2009

	<u>Self-Insurance Fund</u>
Current Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,616,419
Accounts Receivable	5,045
	<hr/>
<i>Total Assets</i>	1,621,464
	<hr/>
Current Liabilities	
Accounts Payable	11,000
Claims Payable	480,000
	<hr/>
<i>Total Liabilities</i>	491,000
	<hr/>
Net Assets	
Unrestricted	\$1,130,464
	<hr/> <hr/>

See accompanying notes to the basic financial statements

Cambridge City School District, Ohio
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Fund
For the Fiscal Year Ended June 30, 2009

	Self-Insurance Fund
Operating Revenues	
Charges for Services	\$2,873,215
Other Revenues	5,045
	2,878,260
 Operating Expenses	
Purchased Services	266,245
Claims	2,790,422
	3,056,667
 <i>Operating Loss</i>	 (178,407)
 Non-Operating Revenues	
Interest	25,571
	25,571
 <i>Net Change in Net Assets</i>	 (152,836)
 <i>Net Assets Beginning of Year</i>	 1,283,300
	1,283,300
 <i>Net Assets End of Year</i>	 \$1,130,464
	\$1,130,464

See accompanying notes to the basic financial statements

Cambridge City School District, Ohio

Statement of Cash Flows

Internal Service Fund

For the Fiscal Year Ended June 30, 2009

	<u>Self-Insurance Fund</u>
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Transactions with Other Funds	\$2,873,215
Cash Payments for Goods and Services	(265,505)
Cash Payments for Claims	<u>(2,897,422)</u>
Net Cash Used For Operating Activities	(289,712)
Cash Flows from Investing Activities	
Interest	<u>25,571</u>
<i>Net Decrease in Cash and Cash Equivalents</i>	(264,141)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>1,880,560</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$1,616,419</u></u>
Reconciliation of Operating Loss to Net Cash Used For Operating Activities	
Operating Loss	(\$178,407)
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(5,045)
Increase in Accounts Payable	740
Decrease in Claims Payable	<u>(107,000)</u>
Net Cash Used For Operating Activities	<u><u>(\$289,712)</u></u>
See accompanying notes to the basic financial statements	

Cambridge City School District, Ohio
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2009

	Private Purpose Trust	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$435,219	\$24,278
Cash and Cash Equivalents in Segregated Accounts	44,654	0
<i>Total Assets</i>	479,873	\$24,278
Liabilities		
Due to Students	0	\$24,278
Net Assets		
Restricted for Endowments	333,715	
Held in Trust for Scholarships	146,158	
Total Net Assets	\$479,873	

See accompanying notes to the basic financial statements

Cambridge City School District, Ohio
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
June 30, 2009

	<u>Private Purpose Trust</u>
Additions	
Gifts and Contributions	\$14,300
Interest	\$7,539
Miscellaneous	<u>613</u>
<i>Total Additions</i>	22,452
Deductions	
Payments in Accordance with Trust Agreements	<u>27,927</u>
<i>Change in Net Assets</i>	(5,475)
<i>Net Assets Beginning of Year</i>	<u>485,348</u>
<i>Net Assets End of Year</i>	<u><u>\$479,873</u></u>

See accompanying notes to the basic financial statements

Cambridge City School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

Note 1 - Description of the School District and Reporting Entity

Cambridge City School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State and federal agencies. This Board of Education controls the School District's five instructional facilities and two support facilities staffed by 123 classified employees and 183 certified personnel, who provide services to 2,440 students and other community members.

The Superintendent of Public Instruction declared the Cambridge City School District in a state of Fiscal Caution effective February 16, 2006. The Ohio Department of Education removed the School District from Fiscal Caution on April 7, 2009.

Reporting Entity

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

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 School District participates in five jointly governed organizations and one insurance purchasing pool. These organizations are the Ohio Mid-Eastern Regional Education Service Agency, the Mid-East Career and Technology Centers, the Metropolitan Educational Council (MEC), Educational Regional Services System Region 12 (ERSS), Coalition of Rural and Appalachian Schools (CORAS) and the Ohio School Boards Association Workers' Compensation Program. These organizations are presented in Notes 17 and 18 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities and its internal service fund unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

Cambridge City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

A. Basis of Presentation

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

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. The statements usually distinguish between those activities of the School District that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts, or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The School District does not have any business-type activities.

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

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

B. Fund Accounting

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

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

Cambridge City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

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

Bond Retirement Fund This Bond Retirement Fund accounts for the accumulation of resources for the payment of general obligation bond principal and interest.

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

Proprietary Fund Type Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service. The School District's only proprietary fund type is an internal service fund.

Self-Insurance Fund This internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for the operations of the School District's self-insurance program for employee dental and medical benefits.

Fiduciary Fund Type Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District's private purpose trust fund accounts for programs that provide college scholarships to students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency funds account for faculty and student activities.

C. Measurement Focus

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

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

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

Cambridge City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

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

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

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

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

Property taxes for which there was an enforceable legal claim as of June 30, 2009, but which were levied to finance fiscal year 2010 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

Cambridge City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

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

E. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District's records. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

The School District has segregated bank accounts for athletic activities. The balances in these accounts are presented as "cash and cash equivalents in segregated accounts" since they are not deposited into the School District treasury.

During fiscal year 2009, investments were limited to STAR Ohio and common stock. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2009. Investments in common stock are stated at fair value.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2009 amounted to \$39,608, which includes \$26,000 assigned from other School District funds.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

F. Inventory

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

G. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported on the fund financial statements.

Cambridge City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

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

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	20 years
Buildings and Improvements	20-50 years
Furniture and Fixtures	5-20 years
Machinery and Equipment	5-20 years
Vehicles	10 years

H. Interfund Balances

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

I. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other government or imposed by law through constitutional provisions or enabling legislation. Restricted assets include unexpended revenues restricted for the purchase of buses.

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the 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 vacation leave after an employee's anniversary hire date.

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 certified employees with fifteen years of service with the School District and for classified employees with five years of service with the School District.

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For the Fiscal Year Ended June 30, 2009*

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

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are reported as “matured compensated absences payable” in the fund which the employees who will receive the payment are paid.

K. Accrued Liabilities and Long-term Obligations

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

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

L. Interfund Activity

Transfers within governmental activities on the government-wide statements are reported in the same manner as general revenues. Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

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

M. Fund Balance Reserves

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for bus purchases is for State grant funds required to be utilized for the purchase of school buses. The reserve for endowment is for amounts that cannot be spent for permanent funds in accordance with trust agreements.

Cambridge City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

N. Unamortized Issuance Costs and Bond Premiums and Discounts

On government-wide financial statements, issuance costs and bond discounts and premiums are deferred and amortized over the term of the bonds. Issuance costs are recorded as deferred charges. Bond premiums are presented as an addition of the face amount of bonds payable.

Bond discounts on the capital appreciation bonds are deferred and accreted over the term of the bonds. Bond discounts are presented as a reduction to the face amount of the bonds.

On the governmental fund financial statements, issuance costs, bond premiums, and bond discounts are recognized in the period in which the debt is issued.

O. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The government-wide statement of net assets reports \$4,019,961 of restricted net assets, of which no amounts were restricted by enabling legislation. Net assets restricted for other purposes include resources restricted for music and athletic programs, and local, federal, and state grants restricted to expenditure for specified purposes.

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

P. Operating Revenues and Expenses

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

Q. Extraordinary and Special Items

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

R. Estimates

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

Cambridge City School District, Ohio

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For the Fiscal Year Ended June 30, 2009*

S. Budgetary Process

All funds, other than agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The Treasurer maintains budgetary information at the function and object levels and has the authority to allocate appropriations at these levels without resolution by the Board.

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

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

Note 3 - Change in Accounting Principles and Restatement of Prior Year Fund Balances

A. Change in Accounting Principles

For fiscal year 2009, the School District has implemented Governmental Accounting Standard Board (GASB) Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations," Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments," and Statement No. 56, "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards."

GASB Statement No. 49 addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effect of existing pollution by participating in pollution remediation activities such as site assessments and cleanup. The implementation of this statement did not result in any change to the School District's financial statements.

GASB Statement No. 52 establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments are also required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value. The implementation of this statement did not result in any change in the School District's financial statements.

Cambridge City School District, Ohio

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GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB authoritative literature. The GAAP hierarchy consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles. The implementation of this statement did not result in any change in the School District's financial statements.

GASB Statement No. 56 incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accountants' and auditing literature into the GASB's accounting and financial reporting literature for state and local governments. The statement's guidance addresses related party transactions, going concern considerations, and subsequent events from the AICPA literature. The implementation of this statement did not result in any change in the School District's financial statements.

B. Restatement of Prior Year Fund Balances

Fund balances as of June 30, 2008 have been restated due to an error in revenue posting that was discovered during fiscal year 2009. \$73,512 in property tax allocation reimbursement was erroneously posted to the General Fund and should have been posted to the Classroom Facilities Maintenance Special Revenue Fund. This adjustment had the following effect on fund balance as previously reported:

	General Fund	All Other Governmental Funds
Fund Balance as June 30, 2008	\$100,165	\$2,044,432
Prior Period Restatement	(73,512)	73,512
Restated Fund Balance at June 30, 2008	<u>\$26,653</u>	<u>\$2,117,944</u>

Note 4 - Deficit Fund Balances

The Food Service and State Grants Special Revenue Funds had deficit fund balances as of June 30, 2009, of \$69,780 and \$95,668, respectively. The deficits are the result of adjustments due to accrued liabilities in accordance with generally accepted accounting principles. The General Fund provides transfers to cover deficit balances in the special revenue funds; however, this is done when cash is needed rather than when accruals occur.

Note 5 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

Cambridge City School District, Ohio

*Notes to the Basic Financial Statements
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3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Unreported items represent amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.
5. Advances in and advances out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund.

Net Change in Fund Balance	
GAAP Basis	\$1,177,916
Net Adjustment for Revenue Accruals	(691,814)
Net Adjustment for Expenditure Accruals	227,261
Prepaid Items:	
Beginning of Fiscal Year	69,669
End of Fiscal Year	(67,618)
Unreported Items:	
Beginning of Fiscal Year	16,484
End of Fiscal Year	(13,821)
Advances In	8,854
Encumbrances	(590,773)
Budget Basis	<u><u>\$136,158</u></u>

Note 6 - Deposits and Investments

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

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

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

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

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

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

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$5,688,424 of the School District's bank balance of \$6,100,188 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirement could potentially subject the School District to a successful claim by the FDIC.

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

Cambridge City School District, Ohio

Notes to the Basic Financial Statements
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Investments As of June 30, 2009, the School District had the following investments.

	<u>Fair Value</u>	<u>Maturity</u>	<u>S&P Rating</u>	<u>Percent of Total Investments</u>
JPMorgan Chase & Co. Common Stock	\$14,394	N/A	N/R	0.96%
STAROhio	<u>1,500,276</u>	58.1 Days	AAAm	<u>99.04%</u>
Total	<u>\$1,514,670</u>			<u>100.00%</u>

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

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

Note 7 - Property Taxes

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

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

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

Tangible personal property tax revenue received in calendar 2009 (other than public utility property tax) represents the collection of calendar year 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008 on the value as of December 31, 2008. Payments made by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

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

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

The amount available as an advance at June 30, 2009, was \$2,610,423. \$2,267,502 was available in the General Fund, \$31,991 in the Classroom Facilities Maintenance Special Revenue Fund, and \$310,930 in the Bond Retirement Debt Service Fund. The amount available as an advance at June 30, 2008, was \$1,876,957. \$1,625,664 was available in the General Fund, \$23,302 in the Classroom Facilities Maintenance Special Revenue Fund, and \$227,991 in the Bond Retirement Debt Service Fund.

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

	2008 Second- Half Collections		2009 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$198,994,580	92.22%	\$201,242,480	92.38%
Public Utility Personal	15,015,490	6.96%	15,479,700	7.11%
Tangible Personal Property	1,766,900	0.82%	1,126,370	0.51%
Total	<u>\$215,776,970</u>	<u>100.00%</u>	<u>\$217,848,550</u>	<u>100.00%</u>
Tax Rate per \$1,000 of assessed valuation	\$39.10		\$39.62	

Note 8 - Receivables

Receivables at June 30, 2009, consisted of property taxes, accounts (student fees), inter-fund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables are expected to be collected within one year except for property taxes. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of principal items of intergovernmental receivables follows:

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For the Fiscal Year Ended June 30, 2009*

Governmental Activities:

School Lunch and Breakfast	\$2,923
Early Childhood Education	8,641
Idea - Part B	66,090
Title I	69,783
Title I School Improvement	859
Title I Delinquent	11,740
Safe and Drug Free	1,295
Title II-A	78,136
Title II-D Technology	2,910
Title VI-B	48,286
Homestead and Rollback	1,524
Miscellaneous	8,286
	<u>\$300,473</u>

Note 9 – Inter-fund Activity

At June 30, 2009, the General Fund had an interfund receivable resulting from the provision of cash flow resources from the General Fund until the receipt of grant monies by the Federal Grants Special Revenue Fund in the amount of \$1,851.

Note 10 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2009, the School District purchased the following coverage through Barengo Insurance Agency:

Property Blanket	\$72,448,000	
General Liability	\$3,000,000	annual aggregate
Inland Marine	\$10,000-\$500,000	\$250 deductible
Commercial Crime	\$25,000-\$100,000	\$500-\$1,000 deductible
Commercial Automobile	\$5,000-\$1,000,000	each accident
Umbrella	\$5,000,000	annual aggregate

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.

B. Workers' Compensation

For fiscal year 2009, the School District participated in the Ohio School Boards Association Workers' Compensation Program (Program), an insurance purchasing pool (Note 18).

Cambridge City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

C. Employee Medical Benefits

The School District maintains a self funded insurance program through Aultra Administrative Group for dental and medical coverage. Monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The medical coverage premiums are \$548.29 monthly for single and \$1,225.43 monthly for family. The dental coverage premiums are \$60.60 monthly for both single and family. The coverage is offered to all School District employees.

The claims liability of \$480,000 reported in the internal service fund at June 30, 2009, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30, which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the fund's claims liability amount in fiscal years 2008 and 2009 were:

	Balance at Beginning of Fiscal Year	Current Year Claims	Claim Payments	Balance at End of Fiscal Year
2008	\$301,000	\$3,342,789	\$3,056,789	\$587,000
2009	587,000	2,790,422	2,897,422	480,000

Note 11 - Employee Benefits

A. Compensated Absences

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

Upon retirement, certificated employees receive payment for one-fourth of the total sick leave accumulation up to a maximum of 180 unused sick leave days, or a maximum payment of 45 days, plus one day of severance pay for each ten days of accumulated sick leave beyond 180 days.

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

B. Life Insurance

The School District provides life insurance to contracted employees through Genworth in the amount of \$30,000 for classified employees, \$25,000 for certified employees, and \$100,000 for administrators.

Cambridge City School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

Note 12 - Capital Assets

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

	Balance 6/30/08	Additions	Reductions	Balance 6/30/09
Governmental Activities:				
Capital assets not being depreciated				
Land	\$5,031,339	\$0	\$0	\$5,031,339
Total capital assets not being depreciated	<u>5,031,339</u>	<u>0</u>	<u>0</u>	<u>5,031,339</u>
Capital assets being depreciated				
Land Improvements	656,056	0	0	656,056
Buildings and Improvements	42,760,628	0	(390,026)	42,370,602
Furniture and Fixtures	573,795	0	0	573,795
Machinery and Equipment	1,209,350	52,690	0	1,262,040
Vehicles	1,430,874	0	0	1,430,874
Total capital assets being depreciated	<u>46,630,703</u>	<u>52,690</u>	<u>(390,026)</u>	<u>46,293,367</u>
Accumulated depreciation				
Land Improvements	(143,059)	(32,803)	0	(175,862)
Buildings and Improvements	(6,309,437)	(1,051,630)	390,026	(6,971,041)
Furniture and Fixtures	(105,613)	(26,426)	0	(132,039)
Machinery and Equipment	(628,323)	(75,830)	0	(704,153)
Vehicles	(1,172,295)	(66,344)	0	(1,238,639)
Total accumulated depreciation	<u>(8,358,727)</u>	<u>(1,253,033) *</u>	<u>390,026</u>	<u>(9,221,734)</u>
Capital assets being depreciated, net	<u>38,271,976</u>	<u>(1,200,343)</u>	<u>0</u>	<u>37,071,633</u>
Governmental Activities capital assets, net	<u>\$43,303,315</u>	<u>(\$1,200,343)</u>	<u>\$0</u>	<u>\$42,102,972</u>

* Depreciation expense was charged to governmental functions as follows:

Cambridge City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Instruction:	
Regular	\$525,018
Special	112,178
Vocational	6,872
Intervention	10,730
Support Services:	
Pupils	48,803
Instructional Staff	52,296
Board of Education	1,567
Administration	83,275
Fiscal	24,188
Business	6,117
Operation and Maintenance of Plant	113,927
Pupil Transportation	67,774
Central	22,051
Extracurricular Activities	58,448
Operation of Non-Instructional Services	4,919
Food Service Operations	114,870
Total Depreciation Expense	<u>\$1,253,033</u>

Note 13 - Defined Benefit Pension Plans

A. School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$230,980, \$201,578, and \$259,047 respectively; 46.94 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

Cambridge City School District, Ohio

*Notes to the Basic Financial Statements
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B. State Teachers Retirement System

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

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

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

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

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 were \$1,343,849, \$1,247,111, and \$1,362,205 respectively; 84.70 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$8,397 made by the School District and \$13,480 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2009, two members of the Board of Education elected

Social Security. The Board's liability is 6.2 percent of wages paid.

Cambridge City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Note 14 - Postemployment Benefits

A. School Employees Retirement System

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, this amount was \$35,800.

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

The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$142,936, \$146,924, and \$121,787 respectively; 34.82 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2009, this actuarially required allocation was 0.75 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$20,261, \$15,057, and \$17,545 respectively; 50.09 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System

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

Cambridge City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$102,745, \$95,932, and \$104,785 respectively; 83.68 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

Note 15 - Capital Leases

During fiscal year 2009, the School District has entered into two capitalized lease agreements for two copiers in the amounts of \$31,238 and \$21,452. These leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified from operation and maintenance of plant support services expenditures to principal and interest debt service expenditures in the basic financial statements for the General Fund.

Actual principal payments in fiscal year 2009 totaled \$4,655 and \$3,197. The equipment was originally capitalized in the amounts of \$31,238 and \$21,452, the present value of the minimum lease payments at the inception of the leases. The accumulated depreciation as of June 30, 2009 was \$3,124 and \$2,145, and the book values were \$28,114 and \$19,307.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2009:

Fiscal Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2010	\$9,351	\$3,731	\$13,082
2011	10,247	2,835	13,082
2012	11,228	1,854	13,082
2013	12,305	778	13,083
2014	1,707	17	1,724
Present Value of Net Minimum Lease Payments	<u>\$44,838</u>	<u>\$9,215</u>	<u>\$54,053</u>

Cambridge City School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

Note 16 - Long Term Obligations

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

	Principal Outstanding 6/30/08	Additions	Reductions	Principal Outstanding 6/30/09	Amounts Due in One Year
Governmental Activities:					
2000 Classroom Facilities					
Construction and Improvement GO Bonds:					
Serial Bonds - 4.20-5.40%	\$655,000	\$0	\$0	\$655,000	\$320,000
Original Issue of Capital Appreciation Bonds - 13.21%	106,240	0	106,240	0	0
Accretion on Capital Appreciation Bonds	193,852	19,908	213,760	0	0
Total 2000 Bonds	955,092	19,908	320,000	655,000	320,000
2005 Classroom Facilities Refunding Bonds:					
Serial Bonds - 3.25%-5.5%	5,350,000	0	50,000	5,300,000	35,000
Original Issue of Capital Appreciation Bonds - 22.66%-23.63%	140,000	0	0	140,000	0
Accretion on Capital Appreciation Bonds	114,384	62,355	0	176,739	0
Premium on Capital Appreciation Bonds	363,424	0	56,567	306,857	0
Deferred Amount on Refunding	(451,113)	0	(31,279)	(419,834)	0
Premium on Serial Bonds	117,359	0	8,137	109,222	0
Discount	(48,125)	0	(3,337)	(44,788)	0
Total 2005 Bonds	5,585,929	62,355	80,088	5,568,196	35,000
Total Bonds	6,541,021	82,263	400,088	6,223,196	355,000
Capital Leases	0	52,690	7,852	44,838	9,351
Compensated Absences	1,282,230	210,965	227,203	1,265,992	79,517
Total Governmental Activities	\$7,823,251	\$345,918	\$635,143	\$7,534,026	\$443,868

Sick leave and vacation benefits will be paid from the fund from which the employees' salaries are paid. These funds include the General Fund, and the Food Service, State Grants, and Federal Grants Special Revenue Funds.

On April 18, 2000, the Cambridge City School District issued \$8,231,979 in voted general obligation bonds to pay the local share of the school construction project under the State of Ohio Classroom Facilities Assistance Program. The bonds were issued for a twenty-three year period with final maturity at December 1, 2022. The bond issue consisted of serial, term, and capital appreciation bonds. Part of the bonds was refunded in fiscal year 2006 (see discussion below). The liability for the remaining bonds, consisting of serial and capital appreciation bonds, is recorded in the Statement of Net Assets with the annual principal and interest requirements retired from the Bond Retirement Debt Service Fund.

Cambridge City School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

\$320,000 of the capital appreciation bonds matured December 1, 2007, and \$335,000 matured December 1, 2008. These bonds were purchased at a discount at the time of issuance and, at maturity, all compounded interest was paid and the bond holder collected the face value. For fiscal year 2009, \$19,908 was accreted for a total bond value of \$320,000.

On September 13, 2005, the School District issued \$5,745,000 in refunding bonds to retire \$5,745,000 of outstanding school improvement bonds. \$6,283,525 (after discount, underwriting fees, and other issuance costs) was deposited in an irrevocable trust to provide for all future debt service payments on the refunded bonds. At June 30, 2009, approximately \$5,913,000 remains in this account. \$5,745,000 of refunded bonds was considered defeased and the liability was removed from the statement of net assets. To date, no payments have been made on the refunded amounts.

The Serial Refunding Bonds maturing on December 1, 2016, and thereafter are subject to optional redemption in whole or in part on any date in any order of maturity as determined by the Board of Education on or after December 1, 2015, at par.

The 2005 capital appreciation bonds were sold at a premium of \$521,657, of which \$56,567 was amortized in fiscal year 2009. The capital appreciation bonds will mature in fiscal year 2014. The maturity amount of the bonds is \$940,000. For the fiscal year 2009, \$62,355 was accreted for a total bond value of \$623,596.

The overall debt margin of the School District as of June 30, 2009, was \$15,168,159, with an unvoted debt margin of \$216,622.

Principal and interest requirements to retire the 2000 bonds outstanding at June 30, 2009, are as follows:

Fiscal Year	2000 Bonds	
	Serial	
	Principal	Interest
Ending		
2010	\$320,000	\$25,412
2011	335,000	8,626
	<u>\$655,000</u>	<u>\$34,038</u>

Principal and interest requirements to retire the 2005 refunding bonds outstanding at June 30, 2009, are as follows:

Fiscal Year	2005 Bonds			
	Serial		Capital Appreciation	
	Principal	Interest	Principal	Interest
Ending				
2010	\$35,000	\$220,444	\$0	\$0
2011	65,000	218,737	0	0
2012	425,000	210,163	0	0
2013	440,000	190,624	0	0
2014	0	178,525	75,000	395,000
2015-2019	1,990,000	731,174	65,000	405,000
2020-2023	2,345,000	191,900	0	0
	<u>\$5,300,000</u>	<u>\$1,941,567</u>	<u>\$140,000</u>	<u>\$800,000</u>

The interest on the capital appreciation bonds represents the accretion of the deep-discounted bonds from the initial value at the time of issuance to their value at final maturity.

Cambridge City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Note 17 - Jointly Governed Organizations

A. Ohio Mid-Eastern Regional Education Service Agency

The School District is a participant in the Ohio Mid-Eastern Regional Education Service Agency (OME-RESA), which is a computer consortium. OME-RESA is an association of public school districts within the boundaries of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Monroe, Muskingum, Noble, and Tuscarawas counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The total amount paid to OME-RESA from the School District for the fiscal year 2009 was \$58,279.

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

B. Mid-East Career and Technology Centers

The Mid-East Career and Technology Centers is a jointly governed organization providing vocational education services to its thirteen member school districts. The 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 participating school district's boards. The Board possesses its own budgeting and taxing authority. The continued existence of the Center is not dependent on the School District's continued participation and no equity interest exists. During fiscal year 2009, the School District made no payments to the Center. To obtain financial information write to the Mid-East Career and Technology Centers, Rick White, Treasurer, at 1965 Chandlersville Road, Zanesville, Ohio 45701.

C. Metropolitan Educational Council

The Metropolitan Educational Council (MEC) is a consortium of school districts and related agencies in Ohio. The organization is composed of over 135 members. The governing board is comprised of either the superintendent or his or her designated representative from each participating school district in Franklin County and one representative from each county outside of Franklin County. Each year the participating school districts pay a membership fee to MEC to cover the costs of administering the program. The School District's membership fee was \$968 for fiscal year 2009. Financial information may be obtained from the Metropolitan Educational Council, Denise Music, fiscal officer, 6100 Channingway Blvd, Suite 604, Columbus, Ohio 43232.

Cambridge City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

D. Educational Regional Service System Region 12

The School District participates in the Educational Regional Service System Region 12 (ERSS), a jointly governed organization consisting of educational entities within Belmont, Carroll, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Monroe, Muskingum, Noble and Tuscarawas counties. The purpose of the ERSS is to provide support services to school districts, community schools, and chartered nonpublic schools within the region by supporting State and school initiatives and efforts to improve school effectiveness and student achievement with a specific reference to the provision of special education and related services. The ERSS is governed by an advisory council, which is the policymaking body for the educational entities within the region, who identifies regional needs and priorities for educational services and develops corresponding policies to coordinate the delivery of services. They are also charged with the responsibility of monitoring the implementation of State and regional initiatives and school improvement efforts. The Advisory Council is made up of the director of the ERSS, the superintendent of each educational service center within the region, the superintendent of the region's largest and smallest school district, the director and an employee from each education technology center, one representative of a four-year institution of higher education and appointed by the Ohio Board of Regents, one representative of a two-year institution of higher education and appointed by the Ohio Association of Community Colleges, three board of education members (one each from a city, exempted village, and local school district within the region), and one business representative. The degree of control exercised by any participating educational entity is limited to its representation on the Advisory Council. Financial information can be obtained from the Muskingum Valley Educational Service Center, 205 N. Seventh Street, Zanesville, Ohio, 43701.

E. Coalition of Rural and Appalachian Schools (CORAS)

The Coalition of Rural and Appalachian Schools is a jointly governed organization including over 100 school districts in southeastern Ohio. The Coalition is operated by a Board which is comprised of fourteen members. The board members are comprised of one superintendent from each county elected by the school districts within that county. The Council provides various in-service for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Council is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Council. The School District's membership fee was \$300 for fiscal year 2009.

Note 18 - Insurance Purchasing Pool

Ohio School Boards Association Workers' Compensation Program

In an effort to assist the participants currently not eligible to participate in the Ohio School Boards Association Workers' Compensation Program (Program), OSBA and its administrator have developed a program to assist the School District to manage workers' compensation costs to potentially improve the School District's current workers' compensation program. The goal of the Program is to help the School District return to the OSBA Group Rating Program. The firm of Sheakley Uniservice (administrator) provides certain administrative, actuarial, cost control, claims management, and consulting services to the School District. The School District's enrollment fee for fiscal year 2009 was \$661.

Cambridge City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Note 19 - Contingencies

A. Grants

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

As of December 10, 2009, the School District has been approved to receive \$427,618 of Federal Stimulus dollars as part of The American Recovery and Reinvestment Act of 2009. These allocations are primarily to fund budget stabilization and special education and Title I programs. The allocations will be available to fund fiscal year 2010 programs.

B. Litigation

The School District is currently not a party to any legal proceedings.

Note 20 - Set-Asides

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

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

	Capital Improvements Reserve	Textbooks/ Instructional Materials Reserve
Set-aside Reserve Balance as of June 30, 2008	\$0	\$164,320
Current Year Set-aside Requirement	397,775	397,775
Qualifying Expenditures	(289,577)	(564,654)
Qualifying Offsets	(778,989)	0
Total	<u>(\$670,791)</u>	<u>(\$2,559)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$0</u>	<u>(\$2,559)</u>

Cambridge City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

The School District had qualifying expenditures and offsets that reduced the capital improvements set-asides below zero, which may not be carried forward to future fiscal years. The School District had qualifying expenditures during the fiscal year that exceeded the current year set-aside requirement plus any carry forwards for textbooks. The amount that exceeded the requirement may be carried forward to future fiscal years.

Note 21 - Donor Restricted Endowments

The School District's private purpose trust funds include donor restricted endowments. The endowments are \$333,715. The amount of net appreciation in donor restricted investments that is available for expenditure by the School District is \$146,158 and is included as held in trust for scholarships. State law permits the School District to appropriate, for purposes consistent with the endowments, net appreciation, realized and unrealized, unless the endowment terms specify otherwise. The endowments indicate that interest should be used to provide scholarships each year.

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**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

FEDERAL GRANTOR/ Pass-Through Grantor Program Title	Pass-through Entity Number	Federal CFDA Number	Receipts	Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed-Through Ohio Department of Education.</i>				
Child Nutrition Cluster:				
Non-Cash Assistance:				
National School Lunch Program (Food Donation)	043695-05PU-09	10.555	\$106,832	\$106,832
Cash Assistance:				
School Breakfast Program	043695-05PU-09	10.553	188,217	188,217
National School Lunch Program	043695-LLP4-09	10.555	539,337	539,337
Cash Assistance Subtotal			<u>727,554</u>	<u>727,554</u>
Total Child Nutrition Cluster			<u>834,386</u>	<u>834,386</u>
Total U.S. Department of Agriculture			834,386	834,386
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed-Through Ohio Department of Education.</i>				
Title I Grants to Local Educational Agencies	043695-C1S1-08	84.010	55,082	93,634
	043695-C1S1-09		1,136,729	958,558
	043695-C1SD-08		6,488	0
	043695-C1SD-09		19,058	16,135
	043695-C1SI-09		59,141	48,341
Total Title I Grants to Local Educational Agencies			<u>1,276,498</u>	<u>1,116,668</u>
Special Education, Grants to States	043695-6BSF-08	84.027	80,708	99,379
	043695-6BSF-09		716,336	608,872
Total Special Education, Grants to States			<u>797,044</u>	<u>708,251</u>
Safe and Drug-Free Schools and Communities, State Grants	043695-DRS1-08	84.186	(3,454)	1,797
	043695-DRS1-09		24,570	24,532
Total Safe and Drug-Free Schools and Communities, State Grants			<u>21,116</u>	<u>26,329</u>
Innovative Education Program Strategies	043695-C2S1-08	84.298	1,986	3,922
	043695-C2S1-09		4,329	4,322
Total Innovative Education Program Strategies			<u>6,315</u>	<u>8,244</u>
Education Technology State Grants	043695-TJS1-08	84.318	4,526	5,384
	043695-TJS1-09		12,506	10,697
Total Education Technology State Grants			<u>17,032</u>	<u>16,081</u>
Rural Education	043695-RUS1-2008	84.358	(5,620)	0
	043695-RUS1-2009		62,445	54,135
Total Rural Education			<u>56,825</u>	<u>54,135</u>
Improving Teacher Quality State Grants	043695-TRS1-08	84.367	32,636	58,377
	043695-TRS1-09		180,779	137,461
Total Improving Teacher Quality State Grants			<u>213,415</u>	<u>195,838</u>
Total U.S. Department of Education			2,388,245	2,125,546
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
<i>Passed-Through Guernsey County Department of Job and Family Services.</i>				
Temporary Assistance for Needy Families: Afterschool Grant	N/A	93.558	2,366	0
Temporary Assistance for Needy Families: Afterschool Grant	N/A		24,940	24,940
Total Temporary Assistance for Needy Families			<u>27,306</u>	<u>24,940</u>
Medical Assistance Program	N/A	93.778	46,107	0
Total U.S. Department of Job and Family Services			<u>73,413</u>	<u>24,940</u>
Total Federal Awards Receipts and Expenditures			<u>\$3,296,044</u>	<u>\$2,984,872</u>

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

**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Cambridge City School District's federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B – CHILD NUTRITION CLUSTER

The School District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the School District assumes it expends federal monies first.

NOTE C – FOOD DONATION PROGRAM

Program regulations do not require the School District to maintain separate inventory records for purchased food versus food commodities it receives from the U.S. Department of Agriculture. The School District reports commodities consumed on the Schedule at the fair value.

NOTE D – COMMUNITY ALTERNATIVE FUNDING SYSTEM (CAFS) MEDICAID

The Community Alternative Funding System grant program receipts in the amount of \$46,107 relate to a settlement for CAFS services provided during prior years.

NOTE E – TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. These transfers resulted in the Schedule reporting negative receipts. The School District transferred the following amounts from 2008 to 2009 programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Transferred from 2008 to 2009</u>
Safe and Drug-Free Schools and Communities	84.186	\$ 3,454
Rural Education	84.358	5,620

NOTE F – TRANSFERABILITY

The School District (with some limitations) may transfer funds from one or more applicable programs to one or more other applicable programs, or to Title I, Part A. Transferred funds are subject to all of the requirements, set-asides, and limitations of the programs into which they are transferred. During the fiscal year, the School District transferred \$36,754 from the Improving Teacher Quality State Grant to the Title I Grant to Local Educational Agencies.



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cambridge City School District, Guernsey County, Ohio (the School District), as of and for the year ended June 30, 2009, which collectively comprise the School District's basic financial statements and have issued our report thereon dated February 8, 2010, wherein we noted the School District was removed from Fiscal Caution on April 7, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

We did note a certain noncompliance or other matter that we reported to the School District's management in a separate letter dated February 8, 2010.

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

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

Mary Taylor, CPA
Auditor of State

February 8, 2010



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

Compliance

We have audited the compliance of the Cambridge City School District, Guernsey County, Ohio (the School District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended June 30, 2009. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the School District's major federal programs. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District, complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

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

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

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

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

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



Mary Taylor, CPA
Auditor of State

February 8, 2010

**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2009**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Title I, Grants to Local Educational Agencies - CFDA #84.010 Special Education, Grants to States - CFDA #84.027
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

To the Board of Education:

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on October 10, 2007.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - (3) A procedure for reporting prohibited incidents;
 - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;

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- (6) A procedure for documenting any prohibited incident that is reported;
- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

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

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



Mary Taylor, CPA
Auditor of State

February 8, 2010



Mary Taylor, CPA
Auditor of State

CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 11, 2010