

CEDAR CLIFF LOCAL SCHOOL DISTRICT

GREENE COUNTY, OHIO

AUDIT REPORT

For the Year Ended June 30, 2014





Dave Yost • Auditor of State

Board of Education
Cedar Cliff Local School District
PO Box 45
Cedarville, OH 45314

We have reviewed the *Independent Auditor's Report* of the Cedar Cliff Local School District, Greene County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2013 through June 30, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

March 17, 2016

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CEDAR CLIFF LOCAL SCHOOL DISTRICT
 GREENE COUNTY
 AUDIT REPORT
 For the Year Ended June 30, 2014

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Cedar Cliff Local School District, Greene County, Ohio, (the District), as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Opinion

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 Cedar Cliff Local School District, Greene, Ohio as of June 30, 2014, and the respective changes in financial position and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2015 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
December 18, 2015

CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY, OHIO

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)

The discussion and analysis of the Cedar Cliff Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2014. 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 financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2014 are as follows:

- Total net position increased by 2.2 percent from fiscal year 2013 as the increase in current assets coupled with the decrease in total liabilities exceeded the decrease in capital assets reported for the fiscal year.
- Total assets of governmental activities increased by approximately \$67,000 (0.2 percent) from one year prior. Property taxes receivable increased by nearly \$257,000 as property values continue to rebound. Total liabilities decreased by nearly \$591,000 (\$209,000 long-term liabilities and \$382,000 other liabilities) as decreases in compensated absences payable due to current year retirements and reductions in liabilities associated with the completed construction project were noted at June 30, 2014.
- General revenues accounted for \$6.8 million or 79.4 percent of total revenue. Program specific revenues in the form of charges for services, as well as operating grants and contributions account for \$1.8 million or 20.6 percent of total revenues of \$8.6 million. Total revenue reported for fiscal year 2014 was approximately \$283,000 (3.4 percent) more than the amount reported for the prior year. Additional tuition received as a result of increased open enrollment for the fiscal year and a full year of interest subsidies associated with the School District's Build America Bonds accounted for the majority of the increase in governmental revenues.
- Of the School District's \$8.2 million in expenses, only \$1.8 million were offset by program specific charges for services, grants or contributions. General revenues were used to cover the net expense of \$6.4 million.
- The General Fund, the School District's most significant fund, had an ending fund balance of \$3.0 million or 55.0 percent of the total ending fund balance for governmental funds. The Bond Retirement Fund reported an ending fund balance of \$1.7 million at year end, or 31.8 percent of combined fund balances of the governmental funds. In total, the School District's three major funds report 94.4 percent of the ending governmental fund balance at June 30, 2014.

Using the Basic Financial Statements

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

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregated view of the School District's finances and a longer-term view of those statements. 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. While the General Fund is the general operating fund of the Cedar Cliff Local School District, individual fund statements are also presented for the Bond Retirement and Permanent Improvement Funds since they are considered major governmental funds.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2014?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and the change in that net position. This change in net position 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 Position and the Statement of Activities, the School District reports governmental activities. Governmental activities are the activities where most of the School District's programs and services are including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. The School District does not have any business-type activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's funds begins after the statement of activities. The School District uses many funds to account for a multitude of financial transactions. All the funds of the School District can be divided into two categories: governmental and fiduciary funds. The School District does not have any funds which are classified as proprietary. The fund financial statements focus on the School District's most significant funds, and therefore only the major funds are presented separate from the other funds. For fiscal year 2014, the School District has three major governmental funds: the General, Bond Retirement, and Permanent Improvement Funds.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)

Governmental Funds

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

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support programs of the School District. The accounting used for fiduciary funds is much like that in the government-wide financial statements.

The School District as a Whole

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

Table 1 provides a summary of the School District's net position for 2014 compared to 2013:

**TABLE 1
NET POSITION**

	2014	Restated 2013
<i>Assets:</i>		
Current and other Assets	\$ 8,659,211	\$ 8,387,714
Capital Assets	26,664,201	26,868,811
Total Assets	35,323,412	35,256,525
<i>Liabilities:</i>		
Long-Term Liabilities	13,787,779	13,996,609
Other Liabilities	732,806	1,115,419
Total Liabilities	14,520,585	15,112,028
<i>Deferred Inflows of Resources</i>	2,477,624	2,216,480
<i>Net Position</i>		
Net Investment in Capital Assets	13,149,201	13,866,388
Restricted	2,404,188	1,913,035
Unrestricted	2,771,814	2,148,594
Total Net Position	\$ 18,325,203	\$ 17,928,017

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)

The amount by which the School District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources is called net position. As of June 30, 2014, the School District's total net position was \$18.3 million. Of that amount, approximately \$13.1 million was the net investment in capital assets. Another \$2.4 million was subject to external restrictions upon its use. The remaining \$2.8 million was unrestricted and available for future use as directed by the Board of Education and the School District's administration. The increase in unrestricted net position resulted from additional tuition and fees reported for the current fiscal year as the open enrollment count increased significantly due to the School District's new facilities. The majority of the decrease in total liabilities is attributed to the decrease in long-term compensated absences payable due to current year retirements as well as decreased in construction related liabilities compared to those of the prior year as the vast majority of the construction project was completed during the prior year.

Total assets increased slightly, by approximately \$67,000 at June 30, 2014 compared to one year prior as the increase in property taxes receivable was slightly more than the decrease in net capital assets for the fiscal year. Property taxes receivable increased due to the continuing improvement in the real estate market in the area during the fiscal year. The value of the School District's net capital assets decreased during the year as current year depreciation expense exceeded the value of current year additions.

Table 2 shows the changes in net position for fiscal year 2014 as compared to those for fiscal year 2013.

**TABLE 2
CHANGES IN NET POSITION**

	2014	2013
Revenues		
Program Revenues:		
Charges for Services	\$ 939,003	\$ 682,915
Operating Grants and Contributions	827,275	317,011
General Revenues:		
Property Taxes	2,692,703	2,620,023
Income Taxes	1,104,682	1,054,895
Grants and Entitlements	2,938,271	3,413,681
Other	74,627	205,357
Total Revenues	8,576,561	8,293,882
Program Expenses		
Instruction	3,850,508	4,787,693
Support Services:		
Pupil and Instructional Staff	680,635	503,103
Board of Education, Administration, Fiscal and Business	947,091	1,036,357
Plant Operation and Maintenance	1,091,607	644,252
Pupil Transportation	250,736	246,421
Central	11,946	1,826
Operation of Non-Instructional Services	167,955	41,297
Extracurricular Activities	328,033	282,541
Interest and Fiscal Charges	850,864	786,193
Total Expenses	8,179,375	8,329,683
Change in Net Position	\$ 397,186	\$ (35,801)

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for local operating funds. The overall revenue generated by a voted property tax levy does not increase solely as a result of inflation. Local taxes (property and income) made up 44.3 percent of the total revenue for governmental activities for the Cedar Cliff Local School District for fiscal year 2014, which is the same percentage as the prior fiscal year. Local tax revenue increased slightly (\$122,000) while unrestricted grants and entitlements revenue decreased by approximately \$475,000 as state funding provided through the foundation program decreased slightly and federal subsidies associated with the Build America Bonds were classified as operating grants for fiscal year 2014. Charges for services program revenue increased by nearly \$256,000 as tuition and fees revenue increased as a result of increased student enrollment associated with open enrollment for the current fiscal year associated with the School District's new facilities opened during the prior school year.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows total and net cost of services for each function for last two fiscal years.

**TABLE 3
TOTAL AND COST OF PROGRAM SERVICES
GOVERNMENTAL ACTIVITIES**

	2014		2013	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	\$ 3,850,508	\$ 2,903,109	\$ 4,787,693	\$ 4,078,400
Support Services:				
Pupil and Instructional Staff	680,635	680,635	503,103	503,103
Board of Education, Administration, Fiscal and Business	947,091	946,041	1,036,357	1,036,357
Plant Operation and Maintenance	1,091,607	1,086,307	644,252	644,252
Pupil Transportation	250,736	250,736	246,421	246,421
Central	11,946	11,946	1,826	1,826
Operation of Non-Instructional Services	167,955	4,291	41,297	(107,833)
Extracurricular Activities	328,033	173,822	282,541	141,038
Interest and Fiscal Charges	850,864	356,210	786,193	786,193
Total Expenses	<u>\$ 8,179,375</u>	<u>\$ 6,413,097</u>	<u>\$ 8,329,683</u>	<u>\$ 7,329,757</u>

Total expenses of the School District decreased by 1.8 percent in fiscal year 2014 compared with the previous year. The majority of the decrease was noted in the instruction function as certain adjustments noted in the prior year were not repeated or were recorded in a different function (plant operation and maintenance) for the current fiscal year. The primary driver of expenses for the School District is associated with personnel expenses (wages and fringe benefits). While the School District has worked with its employees to minimize cost of living adjustment increases, other related costs such as step increases and cost increases related to health benefits, account for the increases in personnel costs noted for the fiscal year. The other significant increase in functional expenses were reported in the plant operation and maintenance function as costs associated with finishing the facilities construction project which did not meet the capitalization policy were expensed during the current fiscal year.

As shown in Table 3 above, the net cost of service also decreased by nearly \$917,000 compared with those reported for the prior fiscal year, primarily due to the increased program revenue reported for open enrollment tuition and fees as well as the increase in federal interest subsidies associated with the Build America Bonds.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)

At the end of the current fiscal year, the unrestricted net position of the governmental activities (\$2.8 million) represented 33.9 percent of the total governmental expenses reported for the fiscal year compared to 25.8 percent reported for the prior fiscal year.

The School District's Funds

Governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$8.6 million and expenditures of \$8.1 million. The net change in fund balance was most significant in the general fund, an increase of nearly \$456,000. Revenues of the general fund increased by nearly \$326,000 due to the increase in open enrollment tuition and fees revenues noted above. Total expenditures of the general fund remained relatively the same as those reported for the prior fiscal year. The ending fund balance of the general fund was \$3.0 million at June 30, 2014, of which approximately \$2.4 million was reported as unassigned. The ending unassigned fund balance of the general fund at June 30, 2014 represents 39.0 percent of the total general fund expenditures reported for the fiscal year which is virtually the same as the percentage reported at the end of the previous fiscal year.

Of the remaining two major funds, the bond retirement fund reported a \$478,000 increase in fund balance and the permanent improvement fund also reported an increase in fund balance of \$11,000 for fiscal year 2014. The change in the bond retirement fund is consistent with the results reported in the prior year, while the small increase in the permanent improvement fund resulted from the fewer capital projects being undertaken during the year as the majority of the facility construction project was completed during the prior fiscal year.

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.

For the general fund, budget basis revenue was \$6.1 million as compared to the original budget estimates of \$5.7 million. The School District conservatively estimated the property and income tax revenues at the beginning of the school year. In addition, there was little indication of significant increase in open enrollment tuition and fees prior to the start of the fiscal year. Total actual expenditures on the budget basis (cash outlays plus encumbrances) were \$5.8 million, or just 0.8 percent more than what was anticipated in the original budgeted appropriations. The final budgeted expenditures were increased slightly by \$100,000 during the course of fiscal year.

The actual budgetary fund balance for the general fund reported at the end of the fiscal year was \$2.9 million compared with the \$2.4 million anticipated when the original budget was developed. The final, adjusted budget adopted for the fiscal year anticipated an ending general fund balance of \$2.2 million on a budget basis which was approximately \$706,000 less than the actual ending budgetary fund balance.

Capital Assets

At the end of fiscal year 2014, the School District had \$26.7 million invested in land, land improvements, buildings and improvements, furniture and equipment, vehicles, and educational media in governmental activities. Table 4 shows fiscal year 2014 balances compared to 2013, however for greater detail readers should review Note 9 to the basic financial statements.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)

**TABLE 4
CAPITAL ASSETS AT JUNE 30**

	2014	Restated 2013
Land	\$ 122,820	\$ 122,820
Land Improvements	718,358	702,079
Buildings and Improvements	23,802,897	24,031,917
Furniture, Fixtures and Equipment	1,649,931	1,695,958
Vehicles	225,315	151,462
Educational Media	<u>144,880</u>	<u>164,575</u>
Total Net Capital Assets	<u>\$ 26,664,201</u>	<u>\$ 26,868,811</u>

Overall, net capital assets decreased approximately \$205,000 from the restated fiscal year 2013 amount. This decrease in net capital assets results from the current year depreciation expense being a greater amount than current year acquisition of capital assets. The restatement resulted from the School District correcting an error in the accumulated depreciation reported in the prior year (see Note 22).

Significant capital asset acquisitions by the School District during the fiscal year included; roofing, flooring and HAVC projects in remaining school facilities and new school busses costing \$92,262. Depreciation expense for the fiscal year totaled nearly \$405,000 with total additions to capital assets amounting to \$210,000.

Cost associated with repair and maintenance of the School District's facilities and other assets that do not extend the useful life of the capitalized item, is included within the plant operation and maintenance function.

Debt Administration

At June 30, 2014, the School District had \$11.4 million in general obligation bonds and \$2.2 million in capital lease obligation outstanding. Of the \$13.6 in total general obligations outstanding at fiscal year-end, only \$40,000 is due for payment during the next fiscal year. Payments for the Qualified School Construction Bonds are being deposited into a sinking fund until the first payment becomes due in fiscal year 2027. During fiscal year 2014, the School District made principal payments of \$40,000 toward the capital lease obligation.

At June 30, 2014, the School District's overall legal debt margin was approximately \$46,000 and the total unvoted debt margin was approximately \$94,000.

For more detailed disclosures regarding the School District's debt obligations the reader should refer to Notes 14 and 15 to the basic financial statements.

Contacting the School District's Financial Management

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

CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY, OHIO

Statement of Net Position
June 30, 2014

	Governmental Activities
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	\$ 4,016,972
Materials and Supplies Inventory	14,253
Income Taxes Receivable	502,905
Property Taxes Receivable	2,744,006
Accounts Receivable	22,717
Intergovernmental Receivable	38,646
Prepaid Items	17,309
Restricted Assets:	
Cash and Cash Equivalents with Fiscal Agent	1,302,403
Capital Assets:	
Non Depreciable Assets	122,820
Depreciable Assets	26,541,381
Total Assets	35,323,412
LIABILITIES:	
Accounts Payable	48,329
Accrued Wages and Benefits	486,948
Intergovernmental Payable	127,173
Matured Compensated Absences	4,936
Accrued Interest Payable	65,420
Noncurrent Liabilities:	
Due Within One Year	65,275
Due In More Than One Year	13,722,504
Total Liabilities	14,520,585
DEFERRED INFLOWS OF RESOURCES:	
Property Taxes not Levied to Finance Current Year Operations	2,477,624
Total Deferred Inflows of Resources	2,477,624
NET POSITION:	
Net Investment in Capital Assets	13,149,201
Restricted for:	
Debt Service	1,669,375
Capital Outlay	532,008
Maintenance of Facilities	135,039
Student Activities	67,766
Unrestricted	2,771,814
Total Net Position	\$ 18,325,203

See accompanying notes to the basic financial statements.

GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO

Statement of Activities
For the Fiscal Year Ended June 30, 2014

Functions/Programs:	<u>Expenses</u>	<u>Program Revenues</u>		Net (Expense)
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	Revenue and Changes in Net Position
Governmental Activities:				Governmental Activities
Instruction:				
Regular	\$ 2,882,832	\$ 734,347	\$ 33,834	\$ (2,114,651)
Special	629,481	-	179,218	(450,263)
Student Intervention Services	2,352	-	-	(2,352)
Other	335,843	-	-	(335,843)
Support Services:				
Pupils	374,730	-	-	(374,730)
Instructional Staff	305,905	-	-	(305,905)
Board of Education	24,081	-	-	(24,081)
Administration	616,990	-	1,050	(615,940)
Fiscal	305,951	-	-	(305,951)
Business	69	-	-	(69)
Operation and Maintenance of Plant	1,091,607	5,300	-	(1,086,307)
Pupil Transportation	250,736	-	-	(250,736)
Central	11,946	-	-	(11,946)
Non-instructional Services	167,955	86,177	77,487	(4,291)
Extracurricular Activities	328,033	113,179	41,032	(173,822)
Interest and Fiscal Charges	850,864	-	494,654	(356,210)
Total	<u>\$ 8,179,375</u>	<u>\$ 939,003</u>	<u>\$ 827,275</u>	(6,413,097)
General Revenues:				
Property Taxes Levied for:				
General Purposes				1,918,427
Debt Service				577,606
Capital Outlay				196,670
Income Taxes Levied for General Purposes				1,104,682
Grants, Entitlements and Contributions not Restricted to Specific Programs				2,938,271
Investment Earnings				13,075
Miscellaneous				61,552
Total General Revenues				<u>6,810,283</u>
Change in Net Position				397,186
Net Position, Beginning of Year (restated)				<u>17,928,017</u>
Net Position, End of Year				<u>\$ 18,325,203</u>

See accompanying notes to the basic financial statements.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

Balance Sheet
Governmental Funds
June 30, 2014

	General Fund	Bond Retirement	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS:					
Equity in Pooled Cash and Cash Equivalents	\$ 2,984,120	\$ 363,107	\$ 311,265	\$ 358,480	\$ 4,016,972
Receivables:					
Property Taxes	1,835,322	573,289	335,395	-	2,744,006
Income Taxes	402,324	-	100,581	-	502,905
Accounts	21,880	-	-	837	22,717
Intergovernmental	26,815	-	-	11,831	38,646
Materials and Supplies Inventory	11,779	-	-	2,474	14,253
Prepaid Items	17,309	-	-	-	17,309
Restricted Assets:					
Cash and Cash Equivalents with Fiscal Agent	-	1,302,403	-	-	1,302,403
Total Assets	\$ 5,299,549	\$ 2,238,799	\$ 747,241	\$ 373,622	\$ 8,659,211
LIABILITIES:					
Accounts Payable	\$ 10,533	\$ -	\$ 5,678	\$ 32,118	\$ 48,329
Accrued Wages and Benefits	453,029	-	-	33,919	486,948
Intergovernmental Payable	120,903	-	-	6,270	127,173
Matured Compensated Absences	4,936	-	-	-	4,936
Total Liabilities	589,401	-	5,678	72,307	667,386
DEFERRED INFLOWS OF RESOURCES:					
Property Taxes not Levied to Finance					
Current Year Operations	1,648,658	512,684	316,282	-	2,477,624
Unavailable Revenue	85,339	5,574	16,741	-	107,654
Total Deferred Inflows of Resources	1,733,997	518,258	333,023	-	2,585,278
FUND BALANCES:					
Nonspendable:					
Inventory	11,779	-	-	2,474	14,253
Prepaid Items	17,309	-	-	-	17,309
Restricted for:					
Debt	-	1,720,541	-	-	1,720,541
Capital Improvements	-	-	408,540	115,407	523,947
Facilities Maintenance	-	-	-	135,039	135,039
District Managed Activities	-	-	-	48,479	48,479
Food Service Operations	-	-	-	2,971	2,971
Assigned for:					
Extracurricular Activities	19,287	-	-	-	19,287
Emergency Operating Levy	44,542	-	-	-	44,542
Subsequent Expenditures	26,260	-	-	-	26,260
Subsequent Appropriations	503,553	-	-	-	503,553
Unassigned	2,353,421	-	-	(3,055)	2,350,366
Total Fund Balances	2,976,151	1,720,541	408,540	301,315	5,406,547
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 5,299,549	\$ 2,238,799	\$ 747,241	\$ 373,622	\$ 8,659,211

See accompanying notes to the basic financial statements.

CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY, OHIO

Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2014

Total Governmental Fund Balances	\$ 5,406,547
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.	26,664,201
Certain receivables are not available to provide current financial resources and are reported as deferred inflows of resources in governmental funds	
Property Taxes Receivable	24,500
Income Taxes Receivable	74,914
Accounts Receivable	8,240
Long-term liabilities which are not due and payable in the current period and therefore are not reported in the funds.	
Capital Lease Payable	(2,165,000)
General Obligation Bonds Payable	(11,350,000)
Accrued Interest Payable	(65,420)
Compensated Absences Payable	<u>(272,779)</u>
Net Position of Governmental Activities	\$ <u>18,325,203</u>

See accompanying notes to the basic financial statements.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014

	General Fund	Bond Retirement	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Property Taxes	\$ 1,934,707	\$ 581,299	\$ 198,380	\$ -	\$ 2,714,386
Income Taxes	882,032	-	176,630	43,878	1,102,540
Intergovernmental	2,845,608	575,014	27,505	320,837	3,768,964
Tuition and Fees	700,473	-	-	520	700,993
Interest	4,688	7,926	-	-	12,614
Extracurricular Activities	50,884	-	-	87,929	138,813
Customer Services and Sales	-	-	-	86,177	86,177
Gifts and Donations	11,115	-	-	35,334	46,449
Miscellaneous	57,518	-	9,241	34	66,793
Total Revenues	6,487,025	1,164,239	411,756	574,709	8,637,729
EXPENDITURES:					
Current:					
Instruction:					
Regular	2,548,334	-	74,456	19,815	2,642,605
Special	428,201	-	-	198,309	626,510
Student Intervention Services	2,352	-	-	-	2,352
Other	335,843	-	-	-	335,843
Support Services:					
Pupils	376,210	-	3,808	-	380,018
Instructional Staff	274,091	-	9,872	-	283,963
Board of Education	24,081	-	-	-	24,081
Administration	650,740	-	9,139	1,050	660,929
Fiscal	300,445	5,034	6,105	646	312,230
Business	69	-	-	-	69
Operation and Maintenance of Plant	621,462	-	24,185	15,774	661,421
Pupil Transportation	223,494	-	92,262	-	315,756
Central	11,946	-	-	-	11,946
Operation of Non-Instructional Services	2,109	-	-	162,215	164,324
Extracurricular Activities	220,921	-	-	101,165	322,086
Capital Outlay	10,253	-	116,078	422,267	548,598
Debt Service:					
Principal	-	-	40,000	-	40,000
Interest	-	680,875	104,569	-	785,444
Total Expenditures	6,030,551	685,909	480,474	921,241	8,118,175
Revenues Over/(Under) Expenditures	456,474	478,330	(68,718)	(346,532)	519,554
OTHER FINANCING SOURCES (USES):					
Transfers In	-	-	79,762	-	79,762
Transfers Out	-	-	-	(79,762)	(79,762)
Total Other Financing Sources (Uses)	-	-	79,762	(79,762)	-
Net Change in Fund Balances	456,474	478,330	11,044	(426,294)	519,554
Fund Balance, Beginning of Year	2,519,677	1,242,211	397,496	727,609	4,886,993
Fund Balance, End of Year	<u>\$ 2,976,151</u>	<u>\$ 1,720,541</u>	<u>\$ 408,540</u>	<u>\$ 301,315</u>	<u>\$ 5,406,547</u>

See accompanying notes to the basic financial statements.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY, 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, 2014

Total Net Change in Fund Balances - Total Governmental Funds	\$	519,554
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense and report a gain or loss on the disposal of capital assets. In the current period, these amounts are:		
Depreciation Expense		(404,998)
Capital Asset Additions		210,489
Carrying Value of Capital Assets Disposed of		(10,101)
Revenue reported in the statement of activities that does not provide current financial resources are not reported as revenue in the funds:		
Property Taxes		(21,683)
Intergovernmental		2,142
Tuition and Fees		8,240
Intergovernmental Grants		(49,867)
Repayment of long-term obligation principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the statement of net position:		
Capital Lease Principal Payments		40,000
Some expenses reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Accrued Interest Payable		(65,420)
Compensated Absences Payable		<u>168,830</u>
Change in Net Position of Governmental Activities:	\$	<u><u>397,186</u></u>

See accompanying notes to the basic financial statements.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP) and Actual
General Fund
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Property Taxes	\$ 1,575,000	\$ 1,575,000	\$ 1,675,132	\$ 100,132
Income Taxes	851,647	851,647	878,496	26,849
Intergovernmental	2,751,212	2,767,212	2,809,783	42,571
Tuition and Fees	544,456	672,430	699,438	27,008
Interest	4,755	4,755	4,924	169
Rent	700	700	5,300	4,600
Gifts and Donations	100	100	-	(100)
Miscellaneous	2,000	2,000	1,008	(992)
<i>Total Revenues</i>	<u>5,729,870</u>	<u>5,873,844</u>	<u>6,074,081</u>	<u>200,237</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	2,489,067	2,538,874	2,539,161	(287)
Special	439,967	429,448	432,082	(2,634)
Vocational	3,500	3,500	-	3,500
Student Intervention Services	2,697	2,706	2,352	354
Other	44,750	44,750	67,834	(23,084)
Support Services:				
Pupils	426,700	423,695	384,765	38,930
Instructional Staff	286,065	290,865	277,034	13,831
Board of Education	24,728	23,728	24,422	(694)
Administration:	646,382	651,404	631,130	20,274
Fiscal	336,796	342,708	325,321	17,387
Business	500	500	69	431
Operation and Maintenance of Plant	594,092	626,640	648,736	(22,096)
Pupil Transportation	217,604	230,030	226,223	3,807
Central	8,736	18,736	11,034	7,702
Extracurricular Activities	197,595	198,595	199,334	(739)
Capital Outlay	15,370	8,370	11,895	(3,525)
<i>Total Expenditures</i>	<u>5,734,549</u>	<u>5,834,549</u>	<u>5,781,392</u>	<u>53,157</u>
Excess of Revenues Over (Under) Expenditures	<u>(4,679)</u>	<u>39,295</u>	<u>292,689</u>	<u>253,394</u>
<u>Other Financing Sources (Uses):</u>				
Proceeds from Sale of Capital Assets	250	250	-	(250)
Transfers In	-	-	400,000	400,000
Refund of Prior Year Expenditures	19,207	19,207	57,113	37,906
Transfers Out	(115,000)	(415,000)	(400,000)	15,000
<i>Total Other Financing Sources (Uses)</i>	<u>(95,543)</u>	<u>(395,543)</u>	<u>57,113</u>	<u>452,906</u>
Net Change in Fund Balance	(100,222)	(356,248)	349,802	706,300
Fund Balance, Beginning of Year	2,536,241	2,536,241	2,536,241	-
Prior Year Encumbrances Appropriated	27,430	27,430	27,430	-
Fund Balance, End of Year	<u>\$ 2,463,449</u>	<u>\$ 2,207,423</u>	<u>\$ 2,913,473</u>	<u>\$ 706,300</u>

See accompanying notes to the basic financial statements.

CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY, OHIO

Statement of Fiduciary Net Position
June 30, 2014

	<u>Private Purpose Trust Fund</u>	<u>Agency Fund</u>
ASSETS:		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ 1,475	\$ 29,534
Total Assets	<u>1,475</u>	<u>29,534</u>
LIABILITIES:		
Current Liabilities:		
Undistributed Monies		\$ 10,876
Due to Students	<u>-</u>	<u>18,658</u>
Total Liabilities	<u>-</u>	<u>\$ 29,534</u>
NET POSITION:		
Held in Trust for Scholarships	<u>1,475</u>	
Total Net Position	<u>\$ 1,475</u>	

See accompanying notes to the basic financial statements.

CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY, OHIO

Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2014

	<u>Private Purpose Trust Fund</u>
Additions:	
Gifts and Contributions	<u>\$ -</u>
Total Additions	<u>-</u>
Deductions:	
Payments in Accordance with Trust Agreements	<u>15,000</u>
Total Deductions	<u>15,000</u>
Changes in Net Position	(15,000)
Net Position at Beginning of Year	<u>16,475</u>
Net Position at End of Year	<u><u>\$ 1,475</u></u>

See accompanying notes to the basic financial statements.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District serves an area of approximately 49 square miles. It is staffed by 25 noncertified employees, 41 certified full time teaching personnel, including 7 administrators, who provide services to 587 students and other community members. The School District currently operates one instructional/support facility.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service, and student related activities of the School District. Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District does not have any component units.

The School District is associated with four jointly governed organizations and one insurance purchasing pool. These organizations are discussed in Note 16 and 17 to the basic financial statements. These organizations are:

Jointly Governed Organizations:

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

Insurance Purchasing Pool:

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis Of Presentation

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

The statement of net position presents the financial condition of the governmental activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues 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 governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements

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

B. Fund Accounting

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

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds

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

General Fund - The general fund is the operating funds of the School District and is used to account for all financial resources, except those required to be accounted for in another fund. The general fund 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 – The bond retirement fund is used to account for financial resources that are restricted, committed, or assigned for expenditures for the payment of general long-term debt principal, interest, and related costs.

Permanent Improvement Fund – The permanent improvement fund is used to account for financial resources, specifically property and other local taxes generated by the School District's permanent improvement levy, to be used to maintain the School District's facilities, as well as provide for major equipment and instructional material purchases.

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

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The School District's only trust fund is a private purpose trust which accounts for various college scholarship programs for students. The agency fund is custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The student managed activities agency fund accounts for those student activity programs which have student participation in the activity and have students involved in the management of the program. This fund typically includes those student activities which consist of a student body, student president, student treasurer, and faculty advisor.

C. Measurement Focus

Government-wide Financial Statements

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

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 deferred outflows of resources along with current liabilities and deferred inflows of resources are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows/inflows of resources, 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. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty (60) days of fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of financial position may report a separate category for deferred outflows of resources. A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The School District did not have deferred outflows of resources.

In addition to liabilities, the statement of net position may report a separate section for deferred inflows of resources. A deferred inflow of resources represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until then. For the School District, deferred inflows of resources include property taxes and unavailable revenues. Property taxes represent amounts for which there is a legally enforceable claim as of June 30, 2014, but which were levied to finance subsequent year operations. These amounts have been recorded as deferred inflows of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental fund balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, income taxes, intergovernmental grants, and student fees. These amounts are deferred and recognized as inflows of resources in the period the amounts become available.

Expenditures/Expenses

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

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

E. Budget Data

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue, are identified by the School District. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2014.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 year.

F. Cash and Cash Equivalents

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

During fiscal year 2014, the School District had investments in a money market account and negotiable certificates of deposit. Investments are reported at fair value, which is based on quoted market prices.

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 2014 amounted to \$4,688; which includes \$1,034 assigned from other funds.

An analysis of the School District's investments at fiscal year-end is provided in Note 5.

G. Inventory

On government-wide financial statements, inventories are presented at the lower cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in the governmental fund types when consumed rather than when purchased.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2014, are recorded as prepaid items using the consumption method and recording a current asset for the prepaid amount and reflecting the expenditure in the year in which services are consumed.

I. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by enabling legislation. Restricted assets in the Bond Retirement Fund include amounts required to be deposited in a mandatory sinking fund by the School District's Qualified School Construction Bond agreement.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital 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 cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

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

K. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures or 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 and uses in governmental funds. Repayments from funds responsible for particular expenditures or expenses to the funds that initially paid for them are not presented on the financial statements.

L. Accrued Liabilities and Long-Term Obligations

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

In general, payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental funds. However, compensated absences 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 fiscal year.

The capital lease, general obligation bonds, and accrued interest that will be paid from governmental funds are recognized as a liability in the fund financial statements when payment is due.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Compensated Absences

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

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

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

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

N. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Non-spendable - The non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District's governing board. Those committed amounts cannot be used for any other purpose unless the governing board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assigned – Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the policies of the Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

O. Net Position

Net position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. Net investment in capital assets, 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 position is reported as restricted when there are limitations imposed on the use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

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

P. Estimates

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

NOTE 3 – ACCOUNTABILITY

At June 30, 2014, the Title VI-B, Title I, and Title II-A special revenue funds had deficit fund balances of \$2,208, \$743, and \$104, respectively. The general fund is liable for any deficit in other funds and provides operating transfers when cash is required, not when accruals occur.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP) and Actual – General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis for the general fund 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 fund liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as restricted, committed or assigned fund balance for governmental fund types (GAAP basis).
4. Some funds are reported as part of the general fund (GAAP basis) as opposed to the general fund being reported alone (budget basis).

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

<u>Net Change in Fund Balance</u>	
<u>General Fund</u>	
GAAP Basis	\$ 456,474
Revenue Accruals	20,850
Expenditure Accruals	(59,209)
Encumbrances	(29,434)
Change in Fund Balance of Funds Combined with General Fund for Reporting Purposes	<u>(38,879)</u>
Budget Basis	<u>\$ 349,802</u>

NOTE 5 - DEPOSITS AND INVESTMENTS

State statutes require the classification of monies held by the School District into three categories.

Active Monies – Those monies required to be kept in a “cash” or “near-cash” status for the immediate use of the district. Such monies must be maintained either as cash in the treasury, in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

Inactive Monies – Those monies not required for use within the current five-year period of designation of depositories. Inactive monies may be deposited or invested as certificate of deposit maturing no later than the end of the current period of designation of depositories, or as savings or deposit accounts including, but not limited to, passbook accounts.

Interim Monies – Those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than five years from the date of deposit, or by savings or deposit accounts, including passbook accounts. Interim monies held by the School District can be deposited or invested in the following securities:

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

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

Cash on Hand

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

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

Restricted Assets: Cash and Cash Equivalents with Fiscal Agent

At fiscal year-end, the School District had \$1,302,403 shown as restricted assets: cash and cash equivalents with fiscal agent in the bond retirement fund. This restricted cash is the balance in the mandatory sinking fund required by the Qualified School Construction Bonds.

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, \$2,121,845 was exposed to custodial credit risk because it was uninsured and collateralized, while \$500,000 was covered by the FDIC. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

Investments

At June 30, 2014, the School District's investments consisted of negotiable certificates of deposits and a money market account. The fair value of the negotiable certificates of deposits amounted to \$1,500,710 and the money market value was \$3. The maturity of for both investment types were less than one year.

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

Credit Risk: The School District's investments in money markets carry ratings of AAAM by Standard & Poor's. The School District's negotiable certificates of deposit were not rated. The School District's investment policy limits investments to those authorized by State statute.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's investment in the money market mutual funds are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the School District's name. \$1,500,710 of the nonnegotiable certificate of deposits was covered by FDIC. The School District's investment policy does not address investment custodial risk beyond the requirement the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk: The School District places no limit on the amount that may be invested in any one issuer. At June 30, 2014, 100 percent of the School District's investment portfolio was in negotiable certificates of deposits.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the school district. Real property tax revenue received in calendar 2014 represents collections of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed value listed as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2014 represents collections of calendar year 2013 taxes. Public utility real and tangible personal property taxes received in calendar year 2014 became a lien December 31, 2012, were levied after April 1, 2013 and are collected in 2014 with real property taxes. Public utility real property is assessed at thirty-five percent of true value.

The School District receives property taxes from Greene and Clark Counties. 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, 2014, are available to finance fiscal year 2014 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2014 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 inflows of resources.

The amount available as an advance at June 30, 2014, was \$169,496 in the general fund, \$55,031 in the bond retirement fund, and \$17,355 in the permanent improvement fund.

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

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 6 - PROPERTY TAXES (Continued)

The assess values upon which the fiscal year 2014 taxes were collected are:

	2014 First Half Collections		2013 Second Half Collections	
	Amount	Percent	Amount	Percent
	Agricultural/residential and other real estate property	\$ 87,922,100	94.51%	\$ 91,832,040
Public utility personal property	5,110,710	5.49%	5,113,700	5.27%
Total	\$ 93,032,810	100.00%	\$ 96,945,740	100.00%
Tax rate per \$1,000 of assessed valuation	\$42.70		\$34.54	

NOTE 7 – INCOME TAX

The School District levies a voted tax of one percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1991, and is a continuing tax. The School District's residents also approved a .25% income tax for capital projects purposes in November 2009 with an effective date of January 2010. The School District authorized an annual portion of the .25% income tax to be earmarked to satisfy the maintenance of completed facilities in the Maintenance Fund. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue in the amount of \$882,032, \$176,630 and \$43,878 was credited to the general, permanent improvement and non-major governmental funds, respectively, during fiscal year 2014.

NOTE 8 - RECEIVABLES

Receivables at June 30, 2014, consisted of current and delinquent property taxes, income taxes, accounts, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

General Fund:

Miscellaneous amounts due from other governments	\$ 26,815
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Non-major Governmental Funds:

Title VI-B Grant	6,891
Title I Grant	4,940
Non-major Governmental Funds	11,831
Total Intergovernmental Receivables	\$ 38,646

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 9 - CAPITAL ASSETS

A summary of the School District's general capital assets for fiscal year 2014 is as follows:

	Restated Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
<i><u>Capital Assets, not being depreciated</u></i>				
Land	\$ 122,820	\$ -	\$ -	\$ 122,820
<i><u>Capital Assets, being depreciated</u></i>				
Land Improvements	745,970	37,215	-	783,185
Buildings and Improvements	25,503,959	18,500	-	25,522,459
Furniture, Fixtures and Equipment	1,989,086	62,512	-	2,051,598
Vehicles	581,059	92,262	(101,009)	572,312
Educational Media	272,794	-	-	272,794
Total Depreciable Capital Assets	<u>29,092,868</u>	<u>210,489</u>	<u>(101,009)</u>	<u>29,202,348</u>
<i><u>Less: Accumulated Depreciation</u></i>				
Land Improvements	(43,891)	(20,936)	-	(64,827)
Buildings and Improvements	(1,472,042)	(247,520)	-	(1,719,562)
Furniture, Fixtures and Equipment	(293,128)	(108,539)	-	(401,667)
Vehicles	(429,597)	(8,308)	90,908	(346,997)
Educational Media	(108,219)	(19,695)	-	(127,914)
Total Accumulated Depreciation	<u>(2,346,877)</u>	<u>(404,998) *</u>	<u>90,908</u>	<u>(2,660,967)</u>
Depreciable Capital Assets, Net	<u>26,745,991</u>	<u>(194,509)</u>	<u>(10,101)</u>	<u>26,541,381</u>
Total Capital Assets, Net	<u>\$ 26,868,811</u>	<u>\$ (194,509)</u>	<u>\$ (10,101)</u>	<u>\$ 26,664,201</u>

* - Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 322,447
Special	137
Support Services:	
Instructional support	50,719
Administration	3,494
Operation and maintenance of plant	3,600
Pupil transportation	9,093
Operation of non-instructional services	9,561
Extracurricular activities	5,947
Total Depreciation Expense	<u>\$ 404,998</u>

NOTE 10 - RISK MANAGEMENT

Property and Liability

The School District is exposed to various risks of loss related to torts, thefts-of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2014, the School District contracted with the Indiana Insurance Company for property, fleet insurance, liability insurance and inland coverage.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 10 - RISK MANAGEMENT (Continued)

Coverage limits provided by Indiana Insurance as of June 30, 2014 follows:

Buildings and Contents - replacement cost (\$2,500 deductible)	\$ 39,230,732
Inland Marine Coverage (\$250/\$500 deductible)	440,514
Boiler and Machinery (\$1,000 deductible)	39,230,732
Monies and Securities	10,000
Automobile Liability	1,000,000
Uninsured Motorists	1,000,000
General Liability Per Occurrence	1,000,000
Aggregate	2,000,000
Umbrella	3,000,000

There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage for any part of the last three years.

Workers' Compensation

For fiscal year 2014, the School District participated in the Southwestern Ohio Educational Purchasing Cooperative's Workers' Compensation Group Rating Program (GRP), a workers' compensation insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Integrated Comp Incorporated provides administrative, cost control and actuarial services to the GRP.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2014, the allocation to pension and death benefits is 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$146,016, \$148,771 and \$137,529 respectively; 81.6% has been contributed for 2014 and 100% has been contributed for 2013 and 2012, respectively.

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, 2014, plan members were required to contribute 11 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 2014, 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 14 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013, and 2012 were \$347,847, \$367,778, and \$378,801 respectively; 82.2% has been contributed for 2014 and 100% has been contributed for 2013 and 2012, respectively.

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 of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2014, four members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

NOTE 12 – POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2014, 0.14 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 2014, the minimum earnings rate was \$20,250.

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, 2014, 2013, and 2012 were \$1,560, \$1,817, and \$5,956 respectively; 81.6% has been contributed for 2014 and 100% has been contributed for 2013 and 2012, respectively.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2014, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$8,471, \$8,404, and \$8,122 respectively; 81.6% has been contributed for 2014 and 100% has been contributed for 2013 and 2012, respectively.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 12 – POSTEMPLOYMENT BENEFITS (Continued)

B. State Teachers Retirement System

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2014, 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, 2014, 2013, and 2012 were \$26,757, \$28,291, and \$29,139 respectively; 82.2% has been contributed for 2014 and 100% has been contributed for 2013 and 2012, respectively.

NOTE 13 – OTHER EMPLOYEE BENEFITS

Compensated Absences

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one fourth days per month. Sick leave may be accumulated up to a maximum of 240 days for classified staff and 240 days for certified staff. Upon retirement, payment is made for one fourth of accrued, but unused sick leave credit to a maximum of 60 days for all certified employees and 52 days for classified employees.

Insurance Benefits

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

NOTE 14 – CAPITAL LEASE

During 2011, the School District entered into a lease agreement for a new building, metal roof, geothermal HVAC system, and terrazzo floors. This lease agreement meets the criteria of a capital lease as the risks and benefits of ownership transfers to the leasing party. The capital lease obligation is recorded on the government-wide statements. Principal payments reported in the governmental fund for fiscal year 2014 totaled \$40,000 and are paid out of the permanent improvement fund.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 14 – CAPITAL LEASE (Continued)

The lease agreement provides for minimum annual rental payments as follows:

	Fiscal Year Ended June 30,		
	2015	\$	143,769
	2016		147,806
	2017		151,556
	2018		150,119
	2019		153,475
	2020-2024		593,457
	2025-2029		835,853
	2030-2034		891,266
	2035-2038		913,658
Total			3,980,959
Less: Amount Representing Interest			(1,815,959)
Present Value of Net Minimum Lease Payments		\$	2,165,000

NOTE 15 - LONG-TERM OBLIGATIONS

The activity of the School District's long-term obligations during fiscal year 2014 was as follows:

	Balance July 1, 2013	Increase	Decrease	Balance June 30, 2014	Due within One Year
General Obligation Bonds:					
2011 QSCB Bonds	\$ 7,910,000	\$ -	\$ -	\$ 7,910,000	\$ -
2011 Build America Bonds	3,440,000	-	-	3,440,000	-
Total General Obligation Bonds	11,350,000	-	-	11,350,000	-
Capital Lease Payable	2,205,000	-	40,000	2,165,000	40,000
Compensated Absences	441,609	65,475	234,305	272,779	25,275
Total Long-Term Obligations	\$ 13,996,609	\$ 65,475	\$ 274,305	\$ 13,787,779	\$ 65,275

Qualified School Construction Bonds

Proceeds from the bonds will be used for the purpose of constructing additions to and renovating and improving existing school buildings and facilities. These bonds were issued on April 15, 2011. The bonds consisted of \$7,910,000 in current bonds with an interest rate of 6.04 percent. The bonds are not subject to mandatory sinking fund redemption, the School District has agreed to make deposits annually on December 1 of each year, into a sinking fund account to be held by the Paying Agent for payment of the principal amount of the bonds at maturity. The bonds are being retired through the Bond Retirement fund. Payments shall be made to the Paying Agent by the School District annually in the amounts needed so that the balance in the sinking fund (after taking into account the interest earned on such fund) shall equal, but not exceed, the mandatory sinking fund balance on the dates listed below:

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 15 - LONG-TERM OBLIGATIONS (Continued)

Calendar Year	Mandatory Sinking Fund Balance
2014	\$ 1,749,097
2015	2,208,452
2016	2,676,993
2017	3,154,905
2018	3,642,376
2019	4,139,596
2020	4,646,760
2021	5,164,068
2022	5,691,722
2023	6,229,929
2024	6,778,900
2025	7,338,850
2026	7,910,000

Build America Bonds

Proceeds from the bonds will be used for the purpose of constructing additions to and renovating and improving existing school buildings and facilities. These bonds were issued on September 1, 2011. The bonds consisted of \$3,440,000 in current bonds. The interest rates on the bonds are 5.815 % to 5.965%. The bonds will mature December 1, 2035. The bonds are being retired through the Bond Retirement Fund.

Required Debt Service – General Obligation Bonds

The scheduled payments of principal and interest on general obligation debt outstanding at June 30, 2014 are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2015	\$ -	\$ 680,875	\$ 680,875
2016	-	680,875	680,875
2017	-	680,875	680,875
2018	-	680,875	680,875
2019	-	680,875	680,875
2020-2024	-	3,404,375	3,404,375
2025-2029	8,580,000	2,171,295	10,751,295
2030-2034	1,905,000	549,333	2,454,333
2035-2036	865,000	52,048	917,048
Total	<u>\$ 11,350,000</u>	<u>\$ 9,581,426</u>	<u>\$ 20,931,426</u>

Legal Debt Margins

At June 30, 2014, the School District's overall legal debt limitation was \$45,897 and the un-voted debt margin was \$93,946.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 16 – JOINTLY GOVERNED ORGANIZATIONS

Miami Valley Educational Computer Association

The School District is a participant in the Miami Valley Educational Computer Association (MVECA), which is a computer consortium. MVECA is an association of public school districts within the geographic area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of MVECA consists of two representatives from each of the participating members. The School District paid MVECA \$42,234 for services provided during the year. Financial information can be obtained from MVECA located at 330 Enon Road, Yellow Springs, Ohio 45387.

Southwestern Ohio Educational Purchasing Council

The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of over 126 public school districts in 18 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the general fund. During fiscal year 2014, the School District paid \$506,213 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, OH 45377.

Southwestern Ohio Instructional Technology Association

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

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net position shall be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the General Fund. The School District paid SOITA \$1,716 for services provided during the year. To obtain financial information, write to Southwestern Ohio Instructional Technology Association, Frank DePalma, who serves as Interim Director, at 150 East Sixth Street, Franklin, Ohio 45005.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 16 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

Greene County Career Center

The Greene County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating school districts' elected Boards, which possesses its own budgeting and taxing authority. To obtain financial information, write to the Greene County Career Center, Eva Anderson, who serves as Treasurer, at 2960 W. Enon Rd., Xenia, OH 45385. During fiscal year 2014, the School District made disbursements totaling \$506 to the Greene County Career Center.

NOTE 17 – INSURANCE PURCHASING POOL

Southwestern Ohio Educational Purchasing Cooperative's Workers' Compensation Group Rating Plan

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

NOTE 18 - CONTINGENCIES

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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, 2014.

Litigation

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

NOTE 19 – INTER-FUND TRANSACTIONS

During the fiscal year, the Board of Education approved transferring \$79,762 from the locally funded initiative building fund, a non-major capital projects fund, to the permanent improvement fund. This one-time transfer of funds represented the interest earnings on the local resources associated with the completed Ohio School Facilities construction project being transferred to finance other capital projects throughout the District. The transfer was in accordance with Ohio Revised Code Section 5705.14.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 20 - COMMITMENTS

Encumbrances

At year end the School District had the following amounts encumbered for future purchase obligations:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General Fund	\$ 29,564
Permanent Improvement Fund	83,310
Non-major Governmental Funds	<u>94,305</u>
	<u>\$ 207,179</u>

NOTE 21 - SET-ASIDE CALCULATION

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 acquisition and construction of capital improvements. Amounts not spent by fiscal year-end or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years.

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

Set-aside Reserve Balance as of June 30, 2013	\$ -
Current Year Set-aside Requirement	96,507
Current Year Offsets:	
Permanent Improvement Tax Proceeds	(401,184)
Maintenance Fund Tax Proceeds	(43,878)
Excess Carryover from Prior Year	<u>(3,592,529)</u>
Total	<u>\$ (3,941,084)</u>
Balance Carried forward to FY 2015	<u>\$ (3,592,529)</u>
Set-aside Reserve Balance June 30, 2014	<u>\$ -</u>

Although the School District had qualifying disbursements during the year that further reduced the set-aside below zero due to current year offsets, the extra amounts may not be used to reduce the set-aside requirements of future years. As such, there was no need to present information concerning such disbursements.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 22 – CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION

During the year ended June 30, 2014, the School District implemented GASB Statement No. 66, *Technical Corrections – 2012*, and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. GASB Statement No. 66 changes the requirement to account for risk financing (self-insurance) within the general or internal service funds, changes the determination of the carrying value of purchased loans or group of loans, and modified the manner in which service fees should be reported on mortgage loans sold. GASB Statement No. 70 establishes reporting standards for nonexchange financial guarantee and to recognize a liability when qualitative factors and historical data indicate the government will more than likely be required to make a payment on the guarantee. Neither of these statements required the School District to restate any prior fiscal year balances.

Also, during the year the School District performed an analysis of its capital asset records. The results of this analysis disclosed that accumulated depreciation was not properly adjusted for the disposal of fully depreciated capital assets when the new school building was brought into operation and a significant portion of the old school building was demolished. The remaining portion of the old school building, which was previously reported as fully depreciated, was renovated and continues to be in service. As a result, accumulated depreciation was decreased by \$1,365,092 from the \$3,711,969 previously reported to the restated June 30, 2014 amount of \$2,346,877. The correction of this error had the following effect on net position, as previously reported, at June 30, 2013:

	<u>Governmental Activities</u>
Net Position - July 1, 2013, as previously reported	\$ 16,562,925
Correction of accumulated depreciation amounts	<u>1,365,092</u>
Restated Net Position - July 1, 2013	<u>\$ 17,928,017</u>

Pending GASB Standards

In addition, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, has been issued by the GASB but is not required to be implemented by the School District until fiscal year 2015. Management has not yet determined the impact this new standard will have on the School District's financial statements.

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Cedar Cliff Local School District, Greene County, Ohio, (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 18, 2015.

Internal Controls Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, have not opined on it.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control over financial reporting, that we consider a material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
December 18, 2015

CEDAR CLIFF LOCAL SCHOOL DISTRICT
 GREENE COUNTY
 AUDIT REPORT
 For the Year Ended June 30, 2014

SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING NUMBER	FUNDING SUMMARY	FULLY CORRECTED?	Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2013-001	Material Weakness-financial statement errors.	Yes	Finding no longer valid

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Dave Yost • Auditor of State

CEDAR CLIFF LOCAL SCHOOL DISTRICT

GREENE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 29, 2016**