



**ST. BERNARD-ELMWOOD PLACE CITY SCHOOL DISTRICT
HAMILTON COUNTY**

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**ST. BERNARD-ELMWOOD PLACE CITY SCHOOL DISTRICT
HAMILTON COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

St. Bernard-Elmwood Place City School District
Hamilton County
105 Washington Avenue
St. Bernard, Ohio 45217

To the Board of Education:

We have audited the accompanying general-purpose financial statements of St. Bernard-Elmwood Place City School District, Hamilton County, Ohio, (the District) as of and for the year ended June 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of St. Bernard-Elmwood Place City School District, Hamilton County, Ohio, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general-purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Jim Petro
Auditor of State

December 28, 2001

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St. Bernard-Elmwood Place City School District
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2001

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Assets and Other Debits:				
Equity in Pooled Cash and Investments	\$2,222,614	\$591,009	\$1,287	\$128,471
Restricted Equity in Pooled Cash and Investments	63,851	0	0	0
Receivables:				
Taxes	7,899,924	0	0	0
Intergovernmental	0	106,430	0	0
Accounts	164	4,248	0	0
Inventory	0	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
Other Debits:				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided for Retirement of General Long-Term Obligations	0	0	0	0
Total Assets & Other Debits	<u>\$10,186,553</u>	<u>\$701,687</u>	<u>\$1,287</u>	<u>\$128,471</u>
Liabilities, Fund Equity & Other Credits:				
Liabilities:				
Accounts Payable	\$14,687	\$31,572	\$0	\$968
Accrued Wages & Benefits	929,380	25,587	0	0
Compensated Absences Payable	69,817	0	0	0
Deferred Revenue	7,220,424	0	0	0
Due to Students	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Capital Lease Obligations	0	0	0	0
Total Liabilities	<u>8,234,308</u>	<u>57,159</u>	<u>0</u>	<u>968</u>
Fund Equity & Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	50,117	82,095	0	0
Reserved for Property Tax Advances	679,500	0	0	0
Reserved for Set-Asides	63,851	0	0	0
Unreserved & Undesignated	1,158,777	562,433	1,287	127,503
Total Fund Equity (Deficit) & Other Credits	<u>1,952,245</u>	<u>644,528</u>	<u>1,287</u>	<u>127,503</u>
Total Liabilities, Fund Equity & Other Credits	<u>\$10,186,553</u>	<u>\$701,687</u>	<u>\$1,287</u>	<u>\$128,471</u>

See accompanying notes.

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$83,102	\$45,292	\$0	\$0	\$3,071,775
0	0	0	0	63,851
0	0	0	0	7,899,924
0	0	0	0	106,430
1,124	0	0	0	5,536
5,198	0	0	0	5,198
23,133	0	8,973,833	0	8,996,966
0	0	0	1,287	1,287
0	0	0	1,071,514	1,071,514
\$112,557	\$45,292	\$8,973,833	\$1,072,801	\$21,222,481
\$0	\$4,292	\$0	\$0	\$51,519
35,409	0	0	8,271	998,647
15,046	0	0	803,186	888,049
3,925	0	0	0	7,224,349
0	12,104	0	0	12,104
0	0	0	250,000	250,000
0	0	0	11,344	11,344
54,380	16,396	0	1,072,801	9,436,012
0	0	8,973,833	0	8,973,833
8,295	0	0	0	8,295
49,882	0	0	0	49,882
0	0	0	0	132,212
0	0	0	0	679,500
0	0	0	0	63,851
0	28,896	0	0	1,878,896
58,177	28,896	8,973,833	0	11,786,469
\$112,557	\$45,292	\$8,973,833	\$1,072,801	\$21,222,481

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St. Bernard-Elmwood Place City School District
 Combined Statement of Revenues, Expenditures
 And Changes in Fund Balance
 All Governmental Fund Types and Expendable Trust Funds
 For the Year Ended June 30, 2001

	Governmental Fund Types			Fiduciary	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Expendable Trust	
Revenues:					
Taxes	\$7,276,024	\$0	\$0	\$0	\$7,276,024
Intergovernmental	1,091,318	1,730,155	0	28,000	2,849,473
Investment	200,540	3,946	0	9,302	214,543
Tuition & Fees	12,727	562	0	0	13,289
Extracurricular Activities	0	79,775	0	0	79,775
Miscellaneous	91,804	46,639	0	1,500	146,828
Total Revenues	8,672,413	1,861,077	0	38,802	10,579,932
Expenditures:					
Current:					
Instruction:					
Regular	4,235,322	423,349	0	2,578	4,661,249
Special	516,138	178,463	0	0	694,601
Vocational	1,432	0	0	0	1,432
Support Services:					
Pupils	393,185	132,498	0	0	525,683
Instructional Staff	518,224	147,040	0	0	665,264
Board of Education	21,446	0	0	0	21,446
Administration	913,283	6,343	0	0	919,626
Fiscal	145,892	0	0	0	145,892
Operation & Maintenance of Plant	1,133,455	1,042	0	49,215	1,183,712
Pupil Transportation	137,813	138	0	0	137,951
Central	279,653	30,593	0	19,422	331,340
Operation of Non-Instructional Services	761	576,768	0	15,259	596,530
Extracurricular Activities	151,025	57,256	0	0	208,281
Debt Service:					
Principal Retirement	24,767	0	45,000	0	69,767
Interest & Fiscal Charges	3,384	0	14,595	0	17,979
Total Expenditures	8,475,780	1,553,490	59,595	86,474	10,180,753
Excess of Revenues Over (Under) Expenditures	196,633	307,587	(59,595)	(47,672)	399,179
Other Financing Sources (Uses):					
Operating Transfers In	1,425	11,500	59,684	0	72,609
Operating Transfers Out	(72,609)	0	0	0	(72,609)
Total Other Financing Sources (Uses)	(71,184)	11,500	59,684	0	0
Excess of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	125,449	319,087	89	(47,672)	399,179
Fund Balance, Beginning of Year (Restated)	1,826,796	325,441	1,198	175,175	2,349,288
Fund Balance, End of Year	\$1,952,245	\$644,528	\$1,287	\$127,503	\$2,748,467

See accompanying notes.

St. Bernard-Elmwood Place City School District
 Combined Statement of Revenues, Expenditures
 And Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 All Governmental Fund Types
 For the Year Ended June 30, 2001

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Taxes	\$7,187,196	\$7,209,824	\$22,628	\$0	\$0	\$0
Intergovernmental	1,052,500	1,091,318	38,818	1,686,029	1,688,029	2,000
Investment	200,000	200,540	540	3,946	3,946	0
Tuition & Fees	11,875	12,645	770	500	562	62
Extracurricular Activities	0	0	0	78,107	79,734	1,627
Miscellaneous	82,000	91,722	9,722	41,701	42,432	731
Total Revenues	8,533,571	8,606,049	72,478	1,810,283	1,814,703	4,420
Expenditures:						
Current:						
Instruction:						
Regular	4,547,234	4,288,754	258,480	554,961	457,601	97,360
Special	631,999	554,625	77,374	216,896	203,373	13,523
Vocational	15,826	15,770	56	0	0	0
Other	0	0	0	3,322	2,903	419
Support Services:		0				
Pupils	433,768	408,340	25,428	188,383	142,957	45,426
Instructional Staff	620,465	536,406	84,059	230,728	151,662	79,066
Board of Education	22,672	21,446	1,226	0	0	0
Administration	986,541	909,134	77,407	24,343	6,343	18,000
Fiscal	435,984	264,990	170,994	0	0	0
Operation & Maintenance of Plant	1,188,344	1,141,842	46,502	1,013	971	42
Pupil Transportation	144,351	123,642	20,709	238	138	100
Central	399,340	280,245	119,095	76,975	15,741	61,234
Operation of Non-Instructional Services	850	761	89	780,783	747,513	33,270
Extracurricular Activities	155,628	147,604	8,024	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest & Fiscal Charges	0	0	0	0	0	0
Total Expenditures	9,583,002	8,693,559	889,443	2,077,642	1,729,202	348,440
Excess (Deficiency) of Revenues Over Under Expenditures	(1,049,431)	(87,510)	961,921	(267,359)	85,501	352,860
Other Financing Sources (Uses):						
Operating Transfers In	0	1,425	1,425	11,500	11,500	0
Operating Transfers Out	(73,000)	(72,609)	391	(300)	0	300
Advances In	1,429	1,429	0	0	0	0
Total Other Financing Sources (Uses)	(71,571)	(69,755)	1,816	11,200	11,500	300
Excess of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	(1,121,002)	(157,265)	963,737	(256,159)	97,001	353,160
Fund Balance, Beginning of Year (Includes Prior Year Encumbrances Appropriated)	2,378,922	2,378,922	0	380,337	380,337	0
Fund Balance, End of Year	\$1,257,920	\$2,221,657	\$963,737	\$124,178	\$477,338	\$353,160

See accompanying notes.

Debt Service			Capital Projects			Totals (Memorandum Only)		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$0	\$0	\$0	\$0	\$0	\$0	\$7,187,196	\$7,209,824	\$22,628
0	0	0	28,000	28,000	0	2,766,529	2,807,347	40,818
0	0	0	9,000	9,302	302	212,946	213,788	842
0	0	0	0	0	0	12,375	13,207	832
0	0	0	0	0	0	78,107	79,734	1,627
0	0	0	1,000	1,500	500	124,701	135,654	10,953
0	0	0	38,000	38,802	802	10,381,854	10,459,554	77,700
0	0	0	2,578	2,578	0	5,104,773	4,748,933	355,840
0	0	0	0	0	0	848,895	757,998	90,897
0	0	0	0	0	0	15,826	15,770	56
0	0	0	18,000	18,000	0	21,322	20,903	419
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	622,151	551,297	70,854
0	0	0	0	0	0	851,193	688,068	163,125
0	0	0	0	0	0	22,672	21,446	1,226
0	0	0	0	0	0	1,010,884	915,477	95,407
0	0	0	0	0	0	435,984	264,990	170,994
0	0	0	130,000	49,215	80,785	1,319,357	1,192,028	127,329
0	0	0	0	0	0	144,589	123,780	20,809
0	0	0	1,422	1,422	0	477,737	297,408	180,329
0	0	0	40,000	15,259	24,741	821,633	763,533	58,100
0	0	0	0	0	0	155,628	147,604	8,024
45,000	45,000	0	0	0	0	45,000	45,000	0
15,000	14,684	316	0	0	0	15,000	14,684	316
60,000	59,684	316	192,000	86,474	105,526	11,912,644	10,568,919	1,343,725
(60,000)	(59,684)	316	(154,000)	(47,672)	106,328	(1,530,790)	(109,365)	1,421,425
59,684	59,684	0	0	0	0	71,184	72,609	1,425
0	0	0	0	0	0	(73,300)	(72,609)	691
0	0	0	0	0	0	1,429	1,429	0
59,684	59,684	0	0	0	0	(687)	1,429	2,116
(316)	0	316	(154,000)	(47,672)	106,328	(1,531,477)	(107,936)	1,423,541
1,288	1,288	0	0	0	0	2,760,547	2,760,547	0
\$972	\$1,288	\$316	(\$154,000)	(\$47,672)	\$106,328	\$1,229,070	\$2,652,611	\$1,423,541

**St. Bernard-Elmwood Place City School District
 Combined Statement of Revenues, Expenses
 And Changes in Retained Earnings/Fund Balance
 Proprietary Fund Type and NonExpendable Trust Funds
 For the Year Ended June 30, 2001**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Operating Revenues:			
Investment Revenue	\$0	\$349	\$349
Charges for Services	221,315	0	221,315
Total Operating Revenues	<u>221,315</u>	<u>349</u>	<u>221,664</u>
Operating Expenses:			
Salaries	153,315	0	153,315
Fringe Benefits	69,445	0	69,445
Purchased Services	10,288	0	10,288
Materials & Supplies	189,791	0	189,791
Depreciation	3,391	0	3,391
Other Operating Expenses	840	250	1,090
Total Operating Expenses	<u>427,070</u>	<u>250</u>	<u>427,320</u>
Operating Income (Loss)	<u>(205,755)</u>	<u>99</u>	<u>(205,656)</u>
Non-Operating Revenues (Expenses):			
Investment Revenue	1,958	0	1,958
Donated Commodities	22,444	0	22,444
Operating Grants - State & Local	11,470	0	11,470
Operating Grants - Federal	181,375	0	181,375
Total Non-Operating Revenues	<u>217,247</u>	<u>0</u>	<u>217,247</u>
Net Income	11,492	99	11,591
Retained Earnings/Fund Balance, Beginning of Year	<u>38,390</u>	<u>5,893</u>	<u>44,283</u>
Retained Earnings/Fund Balance, End of Year	<u>\$49,882</u>	<u>\$5,992</u>	<u>\$55,874</u>

See accompanying notes.

St. Bernard-Elmwood Place City School District
 Combined Statement of Cash Flows
 All Proprietary Fund Types and Nonexpendable Trust Funds
 For the Year Ended June 30, 2001

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum only)
	Enterprise	Nonexpendable Trust	
Cash Flows from Operating Activities:			
Cash Received from Investment Earnings	0	349	349
Cash Received from Charges for Services	220,191	0	220,191
Cash Payments for Personal Services	(212,114)	0	(212,114)
Cash Payments for Contract Services	(10,288)	0	(10,288)
Cash Payments for Supplies & Materials	(166,455)	0	(166,455)
Cash Payments for Other Expenses	(840)	(250)	(1,090)
Net Cash Provided (Used) by Operating Activities	(169,506)	99	(169,407)
Cash Flows from Non-Capital Financing Activities:			
Cash Received from Operating Grants	192,845	0	192,845
Cash Received from Investment Earnings	1,958	0	1,958
Net Cash Provided (Used) by Non-Capital Financing Activities	194,803	0	194,803
Net Increase (Decrease) in Cash and Cash Equivalents	25,297	99	25,396
Cash and Cash Equivalents at Beginning of Year	57,805	5,893	63,698
Cash and Cash Equivalents at End of Year	\$83,102	\$5,992	\$89,094
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	(\$205,755)	\$99	(\$205,656)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	3,391	0	3,391
Donated Commodities Used	22,444	0	22,444
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivables	(1,124)	0	(1,124)
(Increase) Decrease in Materials & Supplies Inventory	2,305	0	2,305
Increase (Decrease) in Accrued Wages & Benefits	7,574	0	7,574
Increase (Decrease) in Compensated Absences Payable	3,072	0	3,072
Increase (Decrease) in Deferred Revenue	(1,413)	0	(1,413)
Net Cash Provided (Used) by Operating Activities	(169,506)	99	(169,407)
Reconciliation of Nonexpendable Trust Fund to Balance Sheet:			
Equity in Pooled Cash and Investments - All Fiduciary Funds		\$45,292	
Equity in Pooled Cash and Investments - Agency Fund and Expendable Trust Fund		(39,300)	
Equity in Pooled Cash and Investments - Nonexpendable Trust Fund		<u>\$5,992</u>	

See accompanying notes.

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ST. BERNARD-ELMWOOD PLACE CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE STATEMENTS
JUNE 30, 2001

NOTE A--DESCRIPTION OF THE DISTRICT

The St. Bernard-Elmwood Place City School District (the District) was chartered by the Ohio State Legislature in 1968. Prior to 1968, Elmwood Place and St. Bernard were separate school districts. Today, the District operates under current standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 and Section 119.01 of the Ohio Revised Code.

The District operates under a locally elected five member Board form of government and provides educational services as authorized by its charter or further mandated by state and/or federal agencies.

The District is the fifth smallest in Hamilton County in terms of enrollment. It currently operates two elementary schools (grades preschool-6 and grades K-6), and one junior/senior high school (grades 7-12).

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the 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 District's significant accounting policies are described below.

The Reporting Entity

For financial reporting purposes the District's financial statements include all funds and account groups for which the District is financially accountable based upon criteria set forth in GASB Statement 14. Under this criteria only the primary government is included in the financial statements. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. The District also considered potential component units for inclusion in the financial statements. Generally, component units are legally separate organizations for which the elected officials of the primary government (i.e. the District) are financially accountable. The District would consider an organization to be a component if:

1. The District appoints a voting majority of the organization's governing body AND (a) is able to impose its will on that organization or (b) there is a potential for the organization to provide specific financial burdens on the District; or
2. The organization is fiscally dependent upon the District; or
3. The nature of the relationship between the District and the organization is such that the exclusion from the financial reporting entity would render the financial statements of the District misleading.

The District included no component units in the financial statements.

ST. BERNARD-ELMWOOD PLACE CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE STATEMENTS
JUNE 30, 2001
(Continued)

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Basis of Presentation - Fund Accounting

The accounts of the District are maintained on the basis of fund and account groups. The operation of each fund is accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they are not directly affect net expendable available financial resources. The following fund types and account groups are used by the District:

Governmental Funds - Governmental Funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except for those accounted for in Proprietary Funds) are accounted for through governmental funds. The following are the District's Governmental Fund Types:

General Fund

The General Fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trust, or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related cost; and for the payment of interest on general obligation notes payable, as required by Ohio Law.

Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).

ST. BERNARD-ELMWOOD PLACE CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE STATEMENTS
JUNE 30, 2001
(Continued)

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Proprietary Funds - Proprietary Funds are used to account for the District's ongoing activities, which are similar to those most often, found in the private sector. The following is the District's Proprietary Fund Type:

Enterprise Funds

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

Fiduciary Funds - Fiduciary Funds are used to account for the assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These included Expendable Trust, Nonexpendable Trust and Agency Funds. Expendable Trust Funds are accounted for in essentially the same manner as Governmental Funds. Nonexpendable Trust Funds are accounted for in essentially the same manner as Proprietary Funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

General Fixed Assets Account Group

This account group is established to account for all fixed assets of the District, other than those accounted for in Proprietary Funds and Trust Funds.

General Long Term Obligations Account Group

This account group is established to account for all long-term obligations of the District, except those accounted for in Proprietary Funds and Trust Funds.

Measurement Focus/Basis of Accounting

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

All proprietary funds are account for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into retained earnings components. The proprietary fund type operating statement presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

ST. BERNARD-ELMWOOD PLACE CITY SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

The modified accrual basis of accounting is followed for the governmental and agency funds. The full accrual basis of accounting is followed for the proprietary funds.

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

Non-exchange transactions, in which the 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. Revenue from grants, entitlements 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 District must provide local resources to be used for a specific 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, tuition, grants, student fees and rentals.

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

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

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

ST. BERNARD-ELMWOOD PLACE CITY SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Budgetary Data

Budgetary Basis of Accounting: The District's budgetary process accounts for certain transactions on a basis other than GAAP. The major difference between the budgetary basis and the GAAP basis are:

Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Expenditures are recorded when encumbered, or paid in cash (budgetary), as opposed to when susceptible to accrual (GAAP).

The actual results of operations, compared to the final appropriation, which includes amendments to the original appropriation, for each fund type by expenditure function and revenue by source are presented in the *Combined Statement of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual (Non-GAAP Budgetary Basis)*. The reserve for encumbrances is carried forward as part of the budgetary authority for the next year and is included in the revised budget amounts shown in the budget to actual comparisons.

The District adopts an annual budget for all Governmental FundTypes. The specific timetable is as follows:

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

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

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

By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures which are the legal levels of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.

ST. BERNARD-ELMWOOD PLACE CITY SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Any revisions that alter the total of any fund appropriation must be approved by the Board of Education. All funds, other than agency funds, are legally required to be budgeted and appropriated.

Formal budgetary integration is employed as a management control device during the year for all funds consistent with statutory provisions. All departments/functions and funds completed the year within the amount of their legally authorized appropriation.

Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal year 2001 and none were significant.

Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

Encumbrances

Encumbrance accounting is utilized by District funds in the normal course of operations for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to a commitment for a future expenditure and does not represent a liability. For Governmental Fund Types, encumbrances outstanding at fiscal year end appear as a reserve of the fund balance on a GAAP basis and for all funds as the equivalent of expenditures/expenses on a non-GAAP budgetary basis in order to demonstrate legal compliance. Note M provides reconciliation of the budgetary basis and GAAP basis of accounting.

Cash and Investments

Cash received by the District is deposited in one of two bank accounts with individual fund balance integrity maintained throughout. Monies for all funds are maintained in these accounts or are temporarily used to purchase short-term cash equivalent investments (maturity date within three months of the date acquired) which are stated at cost.

Under existing Ohio statutes, all investment earnings accrue to the General Fund except those specifically related to Auxiliary Service Fund, Food Service Fund, Capital Projects Fund and certain trust funds and those funds individually authorized by Board resolution.

Investment earnings are allocated to these funds based on average monthly cash balances. Investment income earned in fiscal year 2001 totaled \$216,850.

For purposes of the Statement of Cash Flows (GASB Statement No. 9) all highly liquid investments with maturity of three months or less when purchased are considered to be cash equivalents.

ST. BERNARD-ELMWOOD PLACE CITY SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The District's only investment is in State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2001. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the state to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2001.

Restricted Assets

Restricted assets in the general fund represent cash and investments set aside to establish a capital acquisition reserve.

Inventory (Materials and Supplies)

Inventories of Proprietary Funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventories of Proprietary Funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

Fixed Assets and Depreciation

General Fixed Assets Account Group - General fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and dispositions during the year in the General Fixed Assets Account Group. Donated fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$500 and a useful life of less than 5 years. No depreciation is recognized for fixed assets in the General Fixed Assets Account Group. The District does not record any infrastructure.

Proprietary Funds - Property, plant and equipment reflected in the proprietary funds are stated at historical cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. Depreciation has been provided, where appropriate, on a straight-line basis over the following estimated useful lives:

Asset	Life (years)
Building	30 to 50
Building Improvements	10 to 40
Improvements other than Buildings	10 to 20
Furniture, Fixtures and Equipment	05 to 20

ST. BERNARD-ELMWOOD PLACE CITY SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Interfund Transactions

During the course of normal operations, the District has numerous transactions between funds. The most significant include:

Routine transfers of resources from one fund to another fund through which resources to be expended are recorded as operating transfers.

Reimbursements from one fund to another fund are treated as expenditures/expenses in the reimbursing fund and as a reduction in expenditures/expenses in the reimbursed fund.

Short-term interfund loans are reflected as interfund loans payable/receivable, while long-term interfund loans (greater than one year in length) are recorded as advances to/from other funds.

Compensated Absences

GASB Statement No. 16 specifies that compensated absences should be accrued as they are earned by employees if both of the following conditions are met:

1. The employee's rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employee for the benefits through paid time off or cash payment.

ST. BERNARD-ELMWOOD PLACE CITY SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The District's policies regarding compensated absences are determined by state laws and/or negotiated agreements. In summary, the policies are as follows:

<u>Vacation</u>	<u>Certified</u>	<u>Administrators</u>	<u>Non-Certificated</u>
How earned	Not Eligible	1.75-2.25 days per month	10-21 days for each service year depending on length of service.
Maximum Accumulation	Not Applicable	Must use annually	Must use annually
Vested	Not Applicable	As Earned	As Earned
Termination Entitlement	Not Applicable	Paid upon Termination	Paid upon Termination
<u>Sick Leave</u>			
How Earned	1 1/4 days per month of employment (15 days per year)	1 1/4 days per month of employment (15 days per year)	1 1/4 days per month of employment (15 days per year)
Maximum Accumulation	215 days	Number of days in contract -- 275	Number of days in contract -- 191-260
Vested	As Earned	As Earned	As Earned
Termination Entitlement	Per Contract	Per Contract	Per Contract

ST. BERNARD-ELMWOOD PLACE CITY SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

For Governmental Funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as expenditure and a fund liability of the respective Governmental Fund. Amounts that are not expected to be liquidated with expendable available financial resources are reported in the General Long-Term Obligations Account Group. Compensated absences of Proprietary Funds are recorded as an expense and liability of the respective Proprietary Fund.

The District assumes that all employees with ten years of service in the District will retire from the District, and will be eligible for severance pay. Payment is made based on one-fourth of the employee's total sick leave accumulation up to a maximum of 53.75 days for certified and classified employees, and 68.75 days for administrators and the treasurer.

Long-Term Obligations

Long-term debt is recognized as a liability of a Governmental Fund when due, or when resources have been accumulated in the Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available resources is reported as a fund liability of a Governmental Fund. The remaining portion of such obligations is reported in the General Long Term Obligations Account Group. Long-term liabilities expected to be financed from Proprietary Fund operations are accounted for in those funds.

Fund Equity

Contributed capital is recorded in Proprietary Funds that received capital grants or contributions from other funds, for the period ended June 30, 2001.

Reserved fund balances indicate that a portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Governmental Fund balances are reserved for encumbrances, property tax advances, and reserved for set-asides reserves. The unreserved portions of fund equity reflected for the Governmental Funds are available for use within the specific purpose of those funds.

Memorandum Only - Total Columns

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

ST. BERNARD-ELMWOOD PLACE CITY SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Proprietary Fund Accounting (Continued)

In accordance with GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting", the District applies all GASB pronouncements and all FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, unless they conflict with GASB pronouncements.

NOTE C--EQUITY IN POOLED CASH AND INVESTMENTS

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Investments".

State Statute requires the classification of monies held by the District into three categories:

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

Inactive Monies - Those monies not required for use within the current two year period of designated depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designated 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 made evidenced by the time certificates of deposit maturing not more than one year from the date of deposit or by savings accounts including passbook savings.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

ST. BERNARD-ELMWOOD PLACE CITY SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)

NOTE C--EQUITY IN POOLED CASH AND INVESTMENTS - CONTINUED

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuance of federal government agencies or instrumentalities.
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);

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

At year end the carrying amount of the District's deposits was \$582,440 and the bank balance was \$716,662. \$200,000 of the bank balance was covered by federal depository insurance. The remaining amounts were uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name and all State Statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the School District to a successful claim by the FDIC.

ST. BERNARD-ELMWOOD PLACE CITY SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)

NOTE C--EQUITY IN POOLED CASH AND INVESTMENTS - CONTINUED

The District's investments are categorized to give an indication of the level of risk assumed by the District at year end. CATEGORY 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. CATEGORY 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the District's name. CATEGORY 3 includes uninsured and unregistered investments for which the securities are held by the broker to dealer or by its department or agent, but not in the District's name.

Based on the above criteria, the District's investments at June 30, 2001 are classified as follows:

	Carrying Value/ <u>Fair Value</u>
State Treasury Pool (1)	<u>\$2,553,186</u>

(1) These investments are not categorized because they are not evidenced by securities that exist in physical or book entry form.

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of pledging specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure repayment of all public monies deposited in the financial institution, provided that at all times the total value of the securities so pledged is at least equal to 105% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

NOTE D--PROPERTY TAXES

Property taxes include amounts levied against real, public utility and tangible personal (business) property. The assessed value, by property classification, upon which taxes collected in 2001 were based, is as follows:

Tangible Personal	\$131,210,580
Real Estate	<u>88,948,880</u>
 Total assessed property value	 <u>\$220,159,460</u>

Real property taxes collected in 2001 were levied in April on the assessed values as of January 1, 2000, the lien date. Assessed values are established by the County Auditor at 35% of appraised market value. A revaluation of real property is required to be completed no less than every six years, with a statistical update every third year. Tangible personal property tax is assessed on equipment and inventory held by businesses. Tangible property is assessed at 25% of true value (as defined). In 2001, each business was eligible to receive a \$10,000 exemption in assessed value which was reimbursed by the State.

Real property taxes are payable annually or semi-annually. In 2001, if paid annually, payment was due by January 20th. If paid semi-annually, the first payment (at least 1/2 amount billed) was due January 20th with the remainder due on June 20th.

ST. BERNARD-ELMWOOD PLACE CITY SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)

NOTE D--PROPERTY TAXES - CONTINUED

The County Auditor remits portions of the taxes collected to all taxing Districts with periodic settlements of real and public utility property taxes in February and August and tangible personal property taxes in June and October. The District records billed but uncollected property taxes as receivables at their estimated net realizable value.

Accrued property taxes receivable represent real property, personal property, and public utility taxes which became measurable as of June 30, 2001. Delinquent property taxes collected within 60 days are included as receivable and tax revenue as of June 30, 2001. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2001, was \$679,500 and is recognized as revenue. The amount available for advance at June 30, 2000, was \$613,300.

NOTE E--FIXED ASSETS

A summary of the changes in the General Fixed Assets Account Group during the fiscal year follows:

	<u>July 1, 2000</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2001</u>
Land	\$ 311,866	\$ -0-	\$ -0-	\$ 311,866
Building	6,865,130	-0-	-0-	6,865,130
Furniture & Equipment	<u>1,748,556</u>	<u>48,940</u>	<u>659</u>	<u>1,796,837</u>
Total	<u>\$ 8,925,552</u>	<u>\$ 48,940</u>	<u>\$ 659</u>	<u>\$ 8,973,833</u>

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

A summary of the Proprietary Fund fixed assets at June 30, 2001 follows:

Furniture and Equipment	\$82,418
Less: Accumulated Depreciation	<u>(59,285)</u>
Net Fixed Assets - Proprietary Fund	<u>\$23,133</u>

NOTE F--CAPITALIZED LEASES

In 1996 and 1997 the District has entered into capitalized lease agreements for the acquisition of certain office equipment. The terms of the agreements provide an option to purchase the equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lease at the conclusion of the lease term.

ST. BERNARD-ELMWOOD PLACE CITY SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)

NOTE F--CAPITAL LEASES - CONTINUED

Capital lease payments have been reclassified and are reflected as debt service expenditures in the general purpose financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

Fixed assets acquired by lease have been capitalized in the general fixed assets account group at a value which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2001:

2002	
Total Payments	\$11,730
Less: Amount representing Interest	(\$ 386)
Present Value of	
Minimum Lease Payments	<u>\$ 11,344</u>

NOTE G--THE GENERAL LONG TERM OBLIGATION ACCOUNT GROUP

The current obligation bonds outstanding, issued to provide funds for the acquisition and construction of equipment and facilities, are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligation of the District are accounted for in the General Long-term Obligation Account Group. Payments of principal and interest relating to these liabilities are recorded as expenditures in the Debt Service Fund.

The following is a description of the District's bonds outstanding as of June 30, 2001:

<u>Purpose</u>	<u>Interest</u>	<u>Issue</u>	<u>Maturity</u>	<u>Balance</u>	<u>Retired</u>	<u>Balance</u>
	<u>Rate</u>	<u>Date</u>	<u>Date</u>	<u>6/30/00</u>	<u>2001</u>	<u>6/30/01</u>
BONDS:						
School						
Facilities	5.15%	7/21/95	7/21/05	<u>295,000</u>	<u>45,000</u>	<u>\$250,000</u>
Total				<u>\$295,000</u>	<u>\$45,000</u>	<u>\$250,000</u>

ST. BERNARD-ELMWOOD PLACE CITY SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)

NOTE G--THE GENERAL LONG TERM OBLIGATIONS ACCOUNT GROUP - CONTINUED

The following is a summary of the District's future annual debt service requirements to maturity for general obligation bonds:

<u>Year Ending</u>	<u>General Obligation Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2002	\$ 50,000	\$12,758	\$ 62,758
2003	50,000	9,923	59,923
2004	50,000	7,088	57,088
2005	50,000	4,253	54,253
2006	<u>50,000</u>	<u>1,418</u>	<u>51,418</u>
	<u>\$250,000</u>	<u>\$35,440</u>	<u>\$285,440</u>

NOTE H--CHANGES IN THE GENERAL LONG TERM OBLIGATIONS ACCOUNT GROUP

During the year ended June 30, 2001, the following changes occurred in the General Long Term Obligations Account Group. Compensated absences and accrued wages will be paid from the fund from which the employee is paid. Bonds will be paid from the Debit Service Fund. Capital leases are paid from the General Fund.

	<u>July 1, 2000</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2001</u>
Compensated Absences:				
Sick Leave/Vacation Leave	\$ 725,155	\$ 78,031	\$ -0-	\$ 803,186
Accrued Wages & Benefits	-0-	8,271	-0-	8,271
General Obligation Debt:				
Bonds	295,000	-0-	45,000	250,000
Capital Leases	<u>36,201</u>	<u>-0-</u>	<u>24,857</u>	<u>11,344</u>
Total	<u>\$1,056,356</u>	<u>\$ 86,302</u>	<u>\$ 69,857</u>	<u>\$1,072,801</u>

NOTE I--LEGAL DEBT MARGIN

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. As of June 30, 2001 this amounted to \$19,814,351. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. As of June 30, 2001 this amounted to \$220,159.

NOTE J--SEGMENT INFORMATION

Enterprise Funds - The District maintains two Enterprise Funds to account for the operations of Food Services and Uniform Supply. The table below reflects, in a summarized format, the more significant financial data relating to the Enterprise Funds of the District as of and for the year ended June 30, 2001.

ST. BERNARD-ELMWOOD PLACE CITY SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)

NOTE J--SEGMNET INFORMATION - CONTINUED

	<u>Food Service</u>	<u>Uniform Supply</u>	<u>Total</u>
Operating Revenues	\$221,315	\$ -0-	\$221,315
Operating expenses before depreciation	423,679	-0-	423,679
Depreciation	3,391	-0-	3,391
Operating Income (Loss)	(205,755)	-0-	(205,755)
Donated Commodities	22,444	-0-	22,444
Operating Grants	192,845	-0-	192,845
Other Non-Operating Revenue	1,958	-0-	1,958
Net Income (Loss)	11,492	-0-	11,492
Net Working Capital	49,930	160	50,090
Total Assets	112,397	160	112,557
Total Liability	54,380	-0-	54,380
Total Equity	58,017	160	58,177

NOTE K--DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

ST. BERNARD-ELMWOOD PLACE CITY SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)

NOTE K—DEFINED BENEFIT PENSION PLANS - CONTINUED

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute 14%, 5.5% was the portion to fund pension obligations. The contribution rates are not determined actuarially, but are established by SERS's Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's contributions to SERS for the years ending June 30, 2001, 2000 and 1999 were \$152,498, \$165,792 and \$176,591, respectively; 87% has been contributed for fiscal year 2001 and 100% for the fiscal years 2000 and 1999. \$22,393 representing the unpaid contribution for fiscal year 2001 is recorded as a liability within the respective funds and the General Long-Term Obligations Account Group.

B. State Teachers Retirement System

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

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute 14%, 6% was the portion to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's contributions to STRS for the years ending June 30, 2001, 2000 and 1999 were \$1,022,667, \$945,683 and \$679,396, respectively; 90% has been contributed for fiscal year 2001 and 100% for the fiscal years 2000 and 1999. \$112,989 representing the unpaid contribution for fiscal year 2001 is recorded as a liability within the respective funds.

NOTE L--POST EMPLOYMENT BENEFITS

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

The State Teachers Retirement Board has statutory over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The Retirement Board allocates employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$388,264 during the 2001 fiscal year.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the fund was \$3.149 billion at June 30, 2000. For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible recipients.

ST. BERNARD-ELMWOOD PLACE CITY SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)

NOTE L--POST EMPLOYMENT BENEFITS – CONTINUED

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

For the fiscal year, employer contributions to fund health care benefits were 8.45 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the assets target level for the health care fund. For the District, this amount equaled \$15,029 during the 2001 fiscal year.

The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2000, were \$140,696,340 and the target level was \$211.0 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

NOTE M--BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements and encumbrances. A reconciliation of the nature and amounts of the adjustments necessary to convert the GAAP financial statements of the budgetary basis follows:

Reconciliation of Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses From GAAP
Basis to Budgetary Basis

<u>Governmental Fund Types</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Projects Funds</u>
GAAP Basis	125,449	\$319,087	(\$ 89)	(\$47,672)
Net Adjustment for Revenue Accruals	(64,935)	(46,374)	-0-	-0-
Net Adjustment for Expenditure Accruals	(152,975)	(62,045)	(89)	968
Encumbrances	<u>(64,804)</u>	<u>(113,667)</u>	<u>-0-</u>	<u>(968)</u>
Budgetary Basis	<u>(\$157,265)</u>	<u>\$97,001</u>	<u>\$ -0-</u>	<u>(\$47,672)</u>

ST. BERNARD-ELMWOOD PLACE CITY SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)

NOTE N--CONTINGENT LIABILITIES

GRANTS

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2001.

NOTE O--JOINTLY GOVERNED ORGANIZATION

The Hamilton/Clermont Cooperative Association (H/CCA) is a jointly governed organization consisting of 24 school districts. The organization was formed for the purpose of applying modern technology, with the aid of computers and other electronic equipment, to administrative and instructional functions among member districts. Each of the governments of these schools supports H/CCA and shares in a percentage of the equity based on the resources provided. H/CCA is governed by a board of directors consisting of the superintendents or designees of the member school districts. The degree of control exercised by any participating School District is limited to its representation on the board. During the 2001 fiscal year, the District paid \$7,549.45 to the H/CCA for services. Financial information can be obtained by writing to Hamilton/Clermont Cooperative Association, 7615 Harrison Avenue, Cincinnati, Ohio 45231-3107.

The Great Oaks Joint Vocational School, a jointly governed organization, is a district political subdivision of the State of Ohio which operates under the direction of a board consisting of a representative from each participating school district's elected board. That board possesses its own budgeting and taxing authority. The Vocational School provides academic preparation and job training which lead to employment and/or further education upon graduation from high school. The District has no ongoing financial interest in or responsibility for the Vocational School. To obtain financial information write to the Great Oaks Institute of Technology and Career Development, 3254 East Kemper Road, Cincinnati, Ohio 45241-1581.

NOTE P--OSBA GROUP RATING PROGRAM

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

ST. BERNARD-ELMWOOD PLACE CITY SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)

NOTE P--OSBA GROUP RATING PROGRAM - CONTINUED

The intent of the GRP is to achieve the benefit of a reduced premium for the 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 GatesMcDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

NOTES NOTE Q--INSURANCE PURCHASING POOL

The Greater Cincinnati Insurance Consortium (GCIC) - The District participates in the GCIC, an insurance purchasing pool. The District can obtain better coverage and/or lower premiums by purchasing health, dental, and life insurance benefits through the pool.

NOTE R--UNCERTAINTIES/ SUBSEQUENT EVENT

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

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

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

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of December 28, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

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

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

ST. BERNARD-ELMWOOD PLACE CITY SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)

NOTE S--LITIGATION

All potential claims against the District, from current litigation, are covered by insurance. As of June 30, 2001, the District had no pending litigation or potential liability that would have a material effect on the financial statements.

NOTE T-- RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. The District carries insurance coverage with the following companies:

<u>COVERAGE</u>	<u>COMPANY</u>
Automobile	Indiana Insurance Company
Property	Indiana Insurance Company
General Liability	Nationwide Insurance Company

Limits and deductible amounts for the above policies vary accordingly.

<u>COVERAGE</u>	<u>LIMITS</u>	<u>DEDUCTIBLES</u>
Automobile	\$1,000,000 each occurrence	\$250 collision
Property	Covered for value of loss	\$1,000 each loss
General Liability	\$2,000,000 each occurrence \$5,000,000 general aggregate	

The District pays the State of Ohio Bureau of Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

There were no significant reductions in insurance coverage from the prior year. Also, there were no settlements that exceeded insurance coverage for the past three years.

ST. BERNARD-ELMWOOD PLACE CITY SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)

NOTE U-- STATUTORY RESERVES

The District is required by the state to spend a certain percentage of the District's budget for textbooks and capital improvements. A schedule for the fiscal year ending June 30, 2001 is as follows:

	<u>Textbooks</u>	<u>Capital Acquisitions</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-aside cash Balance as of June 30, 2000	\$(64,315)	\$ 34,048	\$ 155,545	\$125,278
Current Year Set-aside Requirement	229,283	229,283	-0-	458,566
Current Year Offsets	-0-	-0-	-0-	-0-
Qualifying Disbursements	<u>(195,749)</u>	<u>(165,432)</u>	<u>-0-</u>	<u>(361,181)</u>
Transferred to General Fund	-0-	-0-	155,545	155,545
Total	<u>\$ -0-</u>	<u>\$ 63,851</u>	<u>\$ -0-</u>	<u>\$ 33,070</u>
Cash Balance Carried Forward to FY 2001	<u>\$ 0</u>	<u>\$ 63,851</u>	<u>\$ -0-</u>	<u>\$ 63,851</u>
Total Restricted Assets				<u>\$ 63,851</u>

Although the School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero, these extra amounts may be used to reduce the set-aside requirements of future years.

Senate Bill 345 eliminated the Budget Stabilization Reserve. The Board of Education decided to transfer the reserve to unrestricted General Fund monies.

NOTE V-- PRIOR PERIOD ADJUSTMENT

The beginning fund balance of the Special Revenue Fund has been adjusted as follows:

	<u>Special Revenue Fund</u>
Balance Previously Stated June 30, 2000	\$261,137
Prior Period Adjustment	<u>64,304</u>
As Restated, July 1, 2000	<u>\$325,441</u>

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**ST. BERNARD-ELMWOOD PLACE CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED June 30, 2001**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	03-PU	10.550	\$0	\$21,031	\$0	\$22,444
National School Lunch Program	LL-P4	10.555	147,835		147,835	
National School Breakfast Program	05-PU	10.553	33,540		33,540	
Total U.S. Department of Agriculture - Nutrition Cluster			181,375	21,031	181,375	22,444
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States (IDEA Part B)	6B-SF	84.027	107,887		101,019	
Special Education - Preschool Grant	PG-S1	84.173			8	
Total Special Education Cluster			107,887	0	101,027	0
Goals 2000 - State and Local Education Systematic Improvement	G2-S6	84.276	27,000		3,591	
Grants to Local Educational Agencies (ESEA Title I)	C1-S1	84.010	240,576		199,450	
Title 1 Accountability Grant - School Improvement	AK-S1	84.348A	40,490		0	
Innovative Educational Program and Strategies	C2-S1	84.298	13,000		8,172	
Safe and Drug-Free Schools and Communities: State Grant	DR-S1	84.186	13,256		17,912	
Eisenhower Professional Development State Grants	MS-S1	84.281	4,216		4,216	
Technology Literacy Challenge Fund Grants	TF-14	84.318			25,549	
Class Size Reduction	CR-S1	84.340	29,600		30,021	
<i>Passed Through Great Oaks Institute of Technology and Career Development:</i>						
Vocational Education Basic Grants to State	20-C1	84.048	2,850		2,909	
Total Department of Education			478,875	0	392,847	0
<u>U.S. DEPARTMENT OF LABOR</u>						
<i>Passed Through the Hamilton County Employment Training Agency</i>						
Job Training Partnership Act (JTPA)		17.250	2,742		2,742	
Total Department of Labor			2,742	0	2,742	0
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>						
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities</i>						
Medical Assistance Program (Medicaid: Title XIX)		93.778	2,106		2,106	
Total Department of Health and Human Services			2,106	0	2,106	0
Totals			\$665,098	\$21,031	\$579,070	\$22,444

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

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B--FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2001, the District had no significant food commodities in inventory.

NOTE C -- MATCHING REQUIREMENTS

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

NOTE D - JOB TRAINING PARTNERSHIP PROGRAM (JTPA) FEDERAL ASSISTANCE

JTPA Policy Letter 2-97(5)(D) requires that all program expenditures be presented on an accrual basis of accounting, by title and year of appropriation. The program closed June 30, 2000 and all money of the program was spent by September 30, 2000.

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

St. Bernard-Elmwood Place City School District
Hamilton County
105 Washington Avenue
St. Bernard, Ohio 45217

To the Board of Education:

We have audited the financial statements of St. Bernard-Elmwood Place City School District, Hamilton County, Ohio (the District), as of and for the year ended June 30, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 28, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 28, 2001.

St. Bernard-Elmwood Place City School District
Hamilton County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

Jim Petro
Auditor of State

December 28, 2001



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

St. Bernard-Elmwood Place City School District
Hamilton County
105 Washington Avenue
St. Bernard, Ohio 45217

To the Board of Education:

Compliance

We have audited the compliance of St. Bernard-Elmwood Place City School District, Hamilton County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that is applicable to its major federal program for the year ended June 30, 2001. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2001.

Internal Control Over Compliance

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

St. Bernard-Elmwood Place City School District
Report of Independent Accountants on Compliance With Requirements
Applicable to Major Federal Programs and Internal Control Over
Compliance In Accordance With OMB Circular A-133
Page 2

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

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

Jim Petro
Auditor of State

December 28, 2001

**ST. BERNARD-ELMWOOD PLACE CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2001**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Nutrition Cluster - 10.55x
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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ST. BERNARD - ELMWOOD PLACE CITY SCHOOL DISTRICT

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 17, 2002**