



***NORTH COLLEGE HILL  
CITY SCHOOL DISTRICT***

---

**HAMILTON COUNTY**

**SINGLE AUDIT**

**For the Year Ended June 30, 2003**

**J.L. UHRIG**  
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS







**Auditor of State  
Betty Montgomery**

Board of Education  
North College Hill City School District  
1498 West Galbraith Road  
Cincinnati, Ohio 45231-5597

We have reviewed the Independent Auditor's Report of the North College Hill City School District, Hamilton County, prepared by J. L. Uhrig and Associates, Inc., for the audit period July 1, 2002 through June 30, 2003. 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 North College Hill City School District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

February 2, 2004

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NORTH COLLEGE HILL CITY SCHOOL DISTRICT

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NORTH COLLEGE HILL CITY SCHOOL DISTRICT - HAMILTON COUNTY

ELECTED OFFICIALS

June 30, 2003

<u>Board of Education</u>	<u>Title</u>	<u>Term of Office</u>
Ronald J. Harmon	President	1/1/02-12/31/05
Jan C. Gardiner	Vice President	1/1/02-12/31/05
Dennis M. Jones	Member	1/1/02-12/31/05
Penny Huber	Member	1/1/00-12/31/03
Barbara Graves	Member	1/1/00-12/31/03

Surety:	Nationwide Insurance Company
Amount:	\$20,000
Period:	1/1/2003-1/1/2006
Salary:	\$80 per meeting

Statutory Legal Council:  
Scot Ritter, City Solicitor  
1646 West Galbraith Rd  
Cincinnati, Ohio 45239

Other Legal Counsel:  
Ennis, Roberts and Fischer Attorneys  
121 West Ninth Street  
Cincinnati, Ohio 45202-1904

District Address:  
Board of Education  
1498 West Galbraith Road  
Cincinnati, Ohio 45231

NORTH COLLEGE HILL CITY SCHOOL DISTRICT - HAMILTON COUNTY

ADMINISTRATIVE PERSONNEL

June 30, 2003

Superintendent:

Name:	Gary Gellert
Contract Period:	2/1/00 - 7/31/04
Surety:	Nationwide Insurance Company
Amount:	\$20,000
Period Covered:	1/1/00 - 1/1/03
Salary:	\$91,052

Assistant Superintendent:

Name:	Kay Faris
Contract Period:	8/1/00 - 7/31/03
Surety:	Nationwide Insurance Company
Amount:	\$20,000
Period Covered:	1/1/00 - 1/1/03
Salary:	\$83,300

Treasurer:

Name:	Tammy Emrick
Contract Period:	1/1/02 - 04/30/03 *
Surety:	Wausau Insurance Company
Amount:	\$50,000
Period Covered:	1/1/02 - 1/1/05
Salary:	\$67,600

\* The District had an interim Treasurer from May 2003 through July 2003. Sandy Chance was hired permanently as Treasurer in August 2003.



NORTH COLLEGE HILL CITY SCHOOL DISTRICT - HAMILTON COUNTY

INDEX OF FUNDS

June 30, 2003

GOVERNMENTAL FUND TYPE:

General Fund

Special Revenue Funds:

Public School Support Fund  
Local Grant Fund  
Kattelman Scholarship Fund  
Venture Capital Grant Fund  
Termination Benefits Fund  
District Activity Fund  
Auxiliary Services Fund  
Career Education Fund  
Teacher Development Fund  
Education Management Information System Fund  
Entry Year Mentoring Grant Fund  
Disadvantaged Pupil Impact Aid Fund  
Data Communication Fund  
SchoolNet Professional Development Fund  
Textbook Subsidy Fund  
Ohio Reads Grant Fund  
Summer School Intervention Fund  
Alternative Education Grant Fund  
Phonics Demonstration Grant Fund  
Eisenhower Fund  
Civil Rights Technical Assistance Fund  
Title VI-B Fund  
Title I Fund  
Title VI Fund  
Drug Free Schools Grant Fund  
Handicapped Pre-School Grant Fund  
E-rate Fund  
Class Size Reduction Grant Fund  
Goals 2000 Proficiency Intervention Fund  
Virtual Learning Grant Fund

Debt Service Fund:

Bond Retirement Fund

Capital Projects Funds:

Permanent Improvement Fund  
Classroom Facilities Fund  
Schoolnet Fund

NORTH COLLEGE HILL CITY SCHOOL DISTRICT - HAMILTON COUNTY

INDEX OF FUNDS

June 30, 2003

PROPRIETARY FUND TYPE:

Enterprise Funds:

Food Service Fund  
Uniform School Supplies Fund

FIDUCIARY FUND TYPES:

Trust and Agency Funds:

Expendable Trust Fund:

Special Trust Fund

Agency Fund:

Student Activity Fund

## Independent Auditor's Report

Board of Education  
North College Hill City School District  
1498 W. Galbraith Road  
Cincinnati, Ohio 45231-5597

We have audited the accompanying financial statements of the North College Hill City School District (the District) as of and for the year ended June 30, 2003. 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2003, and the results of its operations and cash flows of its proprietary fund type 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 a report dated January 20, 2004 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. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report when considering the results of our audit.

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

## J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

January 20, 2004

NORTH COLLEGE HILL CITY SCHOOLS  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS  
 JUNE 30, 2003

GOVERNMENTAL FUND TYPES

	General Fund	Special Revenue	Debt Service	Capital Projects
<b>ASSETS AND OTHER DEBITS:</b>				
Assets:				
Equity in pooled cash and investments.....	\$3,866,567	\$526,882	\$16,187	\$666,529
Receivables (net of allowances for uncollectibles)				
Taxes - current.....	3,350,152	-	-	383,056
Taxes - delinquent.....	371,483	-	-	41,522
Accounts.....	4,744	41	-	45
Accrued interest.....	21,008	-	-	-
Intergovernmental - state and local.....	-	38,326	-	-
Materials and supplies inventory.....	11,359	-	-	-
Interfund receivables.....	945	144	-	-
Restricted assets;				
Equity in pooled cash and investments.....	462,596	-	-	-
Property, plant and equipment (net of accumulated depreciation, where applicable).....	-	-	-	-
Other debits:				
Amount to be provided for retirement of general long-term obligations.....	-	-	-	-
<b>Total assets and other debits.....</b>	<b>\$8,088,854</b>	<b>\$565,393</b>	<b>\$16,187</b>	<b>\$1,091,152</b>
<b>LIABILITIES, EQUITY AND OTHER CREDITS:</b>				
Liabilities:				
Accounts payable.....	\$20,168	\$4,046	-	-
Accrued wages and benefits.....	753,759	58,536	-	-
Interfund payables.....	144	-	-	-
Deferred revenue.....	2,530,969	-	-	283,165
Due to students and other groups.....	-	-	-	-
Compensated absences payable	-	-	-	-
Obligation under capital leases.....	-	-	-	-
<b>Total liabilities.....</b>	<b>3,305,040</b>	<b>62,582</b>	<b>-</b>	<b>283,165</b>
Fund equity and other credits:				
Investment in general fixed assets.....	-	-	-	-
Retained earnings: unreserved.....	-	-	-	-
Fund equity:				
Reserved-				
Reserved for supplies inventory.....	11,359	-	-	-
Reserved for encumbrances.....	514,967	82,842	-	433,866
Reserved for debt service.....	-	-	16,187	-
Reserved for property taxes.....	1,190,666	-	-	141,413
Reserved for instructional material.....	93,720	-	-	-
Unreserved - Designated for budget stabilization.....	368,876	-	-	-
Unreserved - Undesignated.....	2,604,226	419,969	-	232,708
<b>Total equity and other credits.....</b>	<b>4,783,814</b>	<b>502,811</b>	<b>16,187</b>	<b>807,987</b>
<b>Total liabilities, equity and other credits.....</b>	<b>\$8,088,854</b>	<b>\$565,393</b>	<b>\$16,187</b>	<b>\$1,091,152</b>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

PROPRIETARY FUND TYPES	FIDUCIARY FUND TYPES	ACCOUNT GROUPS		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$233,245	\$47,488	-	-	\$5,356,898
-	-	-	-	3,733,208
-	-	-	-	413,005
267	2,520	-	-	7,617
-	-	-	-	21,008
63,308	-	-	-	101,634
7,348	-	-	-	18,707
-	-	-	-	1,089
-	-	-	-	462,596
42,097	-	7,257,619	-	7,299,716
-	-	-	728,256	728,256
<u>\$346,265</u>	<u>\$50,008</u>	<u>\$7,257,619</u>	<u>\$728,256</u>	<u>\$18,143,734</u>
\$508	-	-	-	\$24,722
11,048	-	-	-	823,343
-	945	-	-	1,089
4,647	-	-	-	2,818,781
-	25,024	-	-	25,024
-	-	-	681,236	681,236
-	-	-	47,020	47,020
<u>16,203</u>	<u>25,969</u>	<u>-</u>	<u>728,256</u>	<u>4,421,215</u>
-	-	7,257,619	-	7,257,619
330,062	-	-	-	330,062
-	-	-	-	11,359
-	2,900	-	-	1,034,575
-	-	-	-	16,187
-	-	-	-	1,332,079
-	-	-	-	93,720
-	-	-	-	368,876
-	21,139	-	-	3,278,042
<u>330,062</u>	<u>24,039</u>	<u>7,257,619</u>	<u>-</u>	<u>13,722,519</u>
<u>\$346,265</u>	<u>\$50,008</u>	<u>\$7,257,619</u>	<u>\$728,256</u>	<u>\$18,143,734</u>

NORTH COLLEGE HILL CITY SCHOOLS  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2003

	GOVERNMENTAL FUND TYPES			
	General Fund	Special Revenue	Debt Service	Capital Projects
<b>Revenues:</b>				
From local sources:				
Taxes.....	\$3,545,939	-	-	\$408,291
Tuition.....	70,424	-	-	-
Earnings on investments.....	128,383	228	-	1,999
Gifts and donations.....	-	-	-	-
Other local revenues.....	57,647	66,073	-	2,045
Intergovernmental - federal, state and local.....	6,136,399	912,710	-	74,057
Total revenues.....	9,938,793	979,011	-	486,391
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular.....	4,688,238	139,770	-	663
Special.....	1,064,222	261,405	-	-
Vocational.....	83,297	-	-	-
Other.....	34,105	-	-	-
Support services:				
Pupil.....	676,303	231,326	-	-
Instructional staff.....	606,974	115,252	-	-
General administration.....	48,524	-	-	-
School administration.....	979,623	31,428	-	-
Fiscal.....	276,492	5,236	-	7,654
Operations and maintenance.....	901,725	-	-	-
Pupil transportation.....	124,084	226	-	-
Central.....	1,237	40,185	-	-
Community services.....	8,549	157,899	-	-
Extracurricular activities.....	219,574	60,533	-	-
Capital outlay.....	42,927	-	-	128,562
Debt service:				
Principal retirement.....	19,007	-	-	-
Interest and fiscal charges.....	3,339	-	-	-
Total expenditures.....	9,778,220	1,043,261	-	136,879
Excess (deficiency) of revenues over (under) expenditures.....	160,573	(64,250)	-	349,512
<b>Other financing sources (uses):</b>				
Operating transfers in.....	-	230,000	-	-
Operating transfers (out).....	(230,000)	-	-	-
Proceeds of sale of fixed assets.....	11,290	-	-	-
Total other financing sources (uses).....	(218,710)	230,000	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses.....	(58,137)	165,750	-	349,512
Fund balance, July 1 - As restated.....	4,841,951	337,061	16,187	458,475
Fund balance, June 30.....	\$4,783,814	\$502,811	\$16,187	\$807,987

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FIDUCIARY FUND TYPE	Totals (Memorandum Only)
Expendable Trust	
-	\$3,954,230
-	70,424
58	130,668
20,370	20,370
-	125,765
-	7,123,166
<u>20,428</u>	<u>11,424,623</u>
-	4,828,671
-	1,325,627
-	83,297
-	34,105
-	907,629
-	722,226
-	48,524
-	1,011,051
-	289,382
-	901,725
-	124,310
-	41,422
15,017	181,465
-	280,107
-	171,489
-	19,007
-	3,339
<u>15,017</u>	<u>10,973,377</u>
5,411	451,246
-	230,000
-	(230,000)
-	11,290
<u>0</u>	<u>11,290</u>
5,411	462,536
<u>18,628</u>	<u>5,672,302</u>
<u>\$24,039</u>	<u>\$6,134,838</u>

NORTH COLLEGE HILL CITY SCHOOLS  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED JUNE 30, 2003

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>						
From local sources:						
Taxes.....	\$3,335,000	\$3,739,618	\$404,618	\$0	\$0	\$0
Tuition.....	154,600	152,466	(2,134)	0	0	0
Earnings on investments.....	200,000	168,910	(31,090)	170	228	58
Other local revenues.....	18,000	55,998	37,998	65,540	66,450	910
Intergovernmental - state, local and federal.....	6,443,615	6,138,532	(305,083)	968,676	886,976	(81,700)
<b>Total revenues.....</b>	<b>10,151,215</b>	<b>10,255,525</b>	<b>104,310</b>	<b>1,034,386</b>	<b>953,654</b>	<b>(80,732)</b>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular.....	4,955,492	4,834,606	120,886	275,567	162,918	112,649
Special.....	1,253,998	1,163,171	90,827	341,888	300,427	41,461
Vocational.....	88,559	84,785	3,774	0	0	0
Other.....	35,000	34,105	895	0	0	0
Support services:						
Pupil.....	704,619	702,030	2,589	219,667	230,116	(10,449)
Instructional staff.....	709,360	640,554	68,806	138,982	118,488	20,494
General administration.....	58,445	49,256	9,189	0	0	0
School administration.....	987,181	1,026,984	(39,803)	34,154	32,906	1,248
Fiscal.....	340,069	320,749	19,320	5,200	5,236	(36)
Business.....	9,700	12,211	(2,511)	0	0	0
Operations and maintenance.....	1,008,629	956,318	52,311	0	0	0
Pupil transportation.....	136,456	133,334	3,122	30	226	(196)
Central.....	1,240	1,237	3	52,450	41,428	11,022
Community services.....	7,855	7,679	176	199,593	195,322	4,271
Extracurricular activities.....	223,723	446,557	(222,834)	74,010	72,846	1,164
Capital outlay.....	46,540	42,927	3,613	0	0	0
Debt service:						
Principal retirement.....	0	0	0	0	0	0
Interest and fiscal charges.....	0	0	0	0	0	0
<b>Total expenditures.....</b>	<b>10,566,866</b>	<b>10,456,503</b>	<b>110,363</b>	<b>1,341,541</b>	<b>1,159,913</b>	<b>181,628</b>
Excess (deficiency) of revenues over (under) expenditures.....	(415,651)	(200,977)	214,674	(307,155)	(206,260)	100,895
Other financing sources (uses):						
Operating transfers in.....	0	0	0	230,000	230,000	0
Operating transfers (out).....	(230,000)	(232,000)	(2,000)	0	0	0
Advances in.....	0	20,300	20,300	0	0	0
Advances out.....	0	(945)	(945)	0	0	0
Refund of prior year expenditures.....	5,000	829	(4,171)	800	800	0
Proceeds of sale of fixed assets.....	13,000	12,108	(892)	0	0	0
<b>Total other financing sources (uses).....</b>	<b>(212,000)</b>	<b>(199,708)</b>	<b>12,292</b>	<b>230,800</b>	<b>230,800</b>	<b>0</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses.....	(627,651)	(400,685)	226,966	(76,355)	24,540	100,895
Fund balance, July 1.....	3,741,947	3,741,947	0	383,321	383,321	0
Prior year encumbrances appropriated.....	334,908	334,908	0	36,325	36,325	0
<b>Fund balance, June 30.....</b>	<b>\$3,449,204</b>	<b>\$3,676,170</b>	<b>\$226,966</b>	<b>\$343,291</b>	<b>\$444,186</b>	<b>\$100,895</b>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.



Debt Service Fund			Capital Projects Funds			Total (Memorandum only)		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$0	\$0	\$0	\$380,500	\$429,452	\$48,952	\$3,715,500	\$4,169,070	\$453,570
0	0	0	0	0	0	154,600	152,466	(2,134)
0	0	0	2,000	1,999	(1)	202,170	171,137	(31,033)
0	0	0	0	2,000	2,000	83,540	124,448	40,908
0	0	0	66,500	74,057	7,557	7,478,791	7,099,565	(379,226)
0	0	0	449,000	507,508	58,508	11,634,601	11,716,687	82,086
0	0	0	58,003	49,303	8,700	5,289,062	5,046,827	242,235
0	0	0	0	0	0	1,595,886	1,463,598	132,288
0	0	0	0	0	0	88,559	84,785	3,774
0	0	0	0	0	0	35,000	34,105	895
0	0	0	0	0	0	924,286	932,146	(7,860)
0	0	0	0	0	0	848,342	759,042	89,300
0	0	0	0	0	0	58,445	49,256	9,189
0	0	0	0	0	0	1,021,335	1,059,890	(38,555)
0	0	0	7,900	7,654	246	353,169	333,640	19,529
0	0	0	0	0	0	9,700	12,211	(2,511)
0	0	0	0	0	0	1,008,629	956,318	52,311
0	0	0	0	0	0	136,486	133,560	2,926
0	0	0	0	0	0	53,690	42,665	11,025
0	0	0	0	0	0	207,448	203,001	4,447
0	0	0	0	0	0	297,733	519,403	(221,670)
0	0	0	840,148	570,397	269,751	886,688	613,324	273,364
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	906,051	627,354	278,697	12,814,458	12,243,770	570,687
0	0	0	(457,051)	(119,846)	337,205	(1,179,857)	(527,083)	652,774
0	0	0	0	0	0	230,000	230,000	0
0	0	0	0	0	0	(230,000)	(232,000)	(2,000)
0	0	0	0	0	0	0	20,300	20,300
0	0	0	0	(14,800)	(14,800)	0	(15,745)	(15,745)
0	0	0	0	0	0	5,800	1,629	(4,171)
0	0	0	0	0	0	13,000	12,108	(892)
0	0	0	0	(14,800)	(14,800)	18,800	16,292	(2,508)
0	0	0	(457,051)	(134,646)	322,405	(1,161,057)	(510,791)	650,266
16,187	16,187	0	359,403	359,403	0	4,500,858	4,500,858	0
0	0	0	145,788	145,788	0	517,021	517,021	0
\$16,187	\$16,187	\$0	\$48,140	\$370,545	\$322,405	\$3,856,822	\$4,507,088	\$650,266

NORTH COLLEGE HILL CITY SCHOOLS  
 COMBINED STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN RETAINED EARNINGS  
 PROPRIETARY FUND TYPE  
 FOR THE YEAR ENDED JUNE 30, 2003

	Enterprise
Operating revenues:	
Sales.....	\$211,020
Total operating revenues.....	211,020
Operating expenses:	
Salaries and wages.....	25,223
Fringe benefits.....	22,503
Contract services.....	175,434
Supplies.....	279,415
Depreciation.....	8,888
Other operating expenses.....	1,615
Total operating expenses.....	513,078
Operating (loss).....	(302,058)
Nonoperating revenues (expenses):	
Donated commodities.....	48,184
Interest earned.....	530
Operating grants - federal, state and local.....	269,862
Total nonoperating revenues (expenses).....	318,576
Net income .....	16,518
Retained earnings - July 1.....	313,544
Retained earnings - June 30.....	\$330,062

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

NORTH COLLEGE HILL CITY SCHOOLS  
 COMBINED STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE  
 FOR THE YEAR ENDED JUNE 30, 2003

	Enterprise
Cash flows from operating activities:	
Cash received from sales.....	\$211,210
Cash payments for personal services.....	(46,256)
Cash payments for contract services.....	(175,438)
Cash payments for supplies and materials.....	(232,797)
Cash payments for other expenses.....	(1,615)
Net cash used by operating activities.....	(244,896)
 Cash flows from noncapital financing activities:	
Cash received from operating grants.....	233,355
Advances out to other fund.....	(2,000)
Net cash provided by noncapital financing activities.....	231,355
 Cash flows from capital and related financing activities:	
Acquisition of capital assets.....	(5,758)
Net cash used for capital and related financing activities.....	(5,758)
 Cash flows from investing activities:	
Interest on Investments.....	530
Net cash provided by investing activities.....	530
 Net increase (decrease) in cash and cash equivalents.....	(18,769)
 Cash and cash equivalents at beginning of year.....	252,014
 Cash and cash equivalents at end of year.....	\$233,245
 Reconciliation of operating income to net cash used by operating activities:	
Operating loss.....	(\$302,058)
Adjustments to reconcile operating income to net cash used by operating activities:	
Depreciation.....	8,888
Donated commodities used.....	48,184
Changes in assets and liabilities:	
Decrease in deferred revenue.....	(3,565)
Decrease in accounts receivable.....	192
Decrease in supplies inventory.....	2,572
Decrease in accrued wages & benefits.....	1,470
Increase in accounts payable.....	(579)
Net cash used by operating activities...	(\$244,896)

North College Hill City School District  
Notes to the General-Purpose Financial Statements  
For the Year Ended June 30, 2003

**NOTE A--DESCRIPTION OF THE DISTRICT**

The District was chartered by the Ohio State Legislature in 1832 by state laws enacted to create local Boards of Education. 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. This Board controls the District's instructional and support facilities staffed by 56 non-certificated personnel and 126 certificated full time teaching and administrative personnel to provide services to students and other community members.

The District is ranked 17th in Hamilton County in terms of enrollment. It currently operates 3 elementary schools and 1 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 principals (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 principals. 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, and component units for which the District is financially accountable based upon criteria set forth in GASB Statement 14. 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 unit 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.

North College Hill City School District  
Notes to the General-Purpose Financial Statements  
For the Year Ended June 30, 2003

The following organizations are not part of the District entity and are excluded from the accompanying financial statements:

City of North College Hill - These governments are each a separate body politic and corporate. Nine council members are elected independent of any District relationships, and administer the provisions of traditional City services. Council acts as the taxing authority for these services.

Private Schools: St. Margaret Mary is located within the boundaries of the District:

Private schools, within the boundaries of the District, are operated independently of the District. Current state legislation provide funding to these private schools. These monies are received and disbursed on behalf of the private schools by the Treasurer of the District, as directed by the private school. The accounting for these receipts and disbursements is reflected in a Special Revenue Fund of the District as required by Ohio Law, but the private schools' operations are not reflected in the financial statements.

*BASIS OF PRESENTATION - FUND ACCOUNTING*

The accounts of the District are maintained on the basis of fund and account groups, each of which is considered a separate accounting entity. 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. 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.

North College Hill City School District  
Notes to the General-Purpose Financial Statements  
For the Year Ended June 30, 2003

**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).

**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 are the District's Proprietary Fund Types:

**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 or 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 include Expendable Trust, Nonexpendable Trust and Agency Funds. Expendable Trust Funds are accounted for in essentially the same manner as governmental funds. The District had no Non-Expendable Trust Funds for the fiscal year ended June 30, 2003. 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 group of account is established to account for all fixed assets of the District, other than those accounted for in Proprietary Funds and Trust Funds.

North College Hill City School District  
Notes to the General-Purpose Financial Statements  
For the Year Ended June 30, 2003

**General Long Term Obligations Account Group**

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

*MEASUREMENT FOCUS AND BASIS OF ACCOUNTING*

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

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. The District had no contributed capital. Proprietary fund operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

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

The modified accrual basis of accounting is followed for the governmental, expendable trust and agency funds. 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.

North College Hill City School District  
Notes to the General-Purpose Financial Statements  
For the Year Ended June 30, 2003

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On an accrual basis, revenue from income tax is recognized in the fiscal year in which the exchange on which the tax is imposed takes place and revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the 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, accounts, and grants.

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, 2003, but which were levied to finance fiscal year 2004 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On a modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

The measurement focus of governmental and expendable trust fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Principal and interest on general long-term obligations are recorded as fund liabilities when due or when amounts have been accumulated in a debt service fund for payments to be made early in the following year. The costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental and expendable trust funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds. Revenues are recognized when they are earned and expenses are recognized when they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.



North College Hill City School District  
Notes to the General-Purpose Financial Statements  
For the Year Ended June 30, 2003

*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 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 required funds under the Ohio Revised Code, however, only governmental fund types are required to be reported in accordance with generally accepted accounting principles. The specific timetable is as follows:

Prior to January 15 to 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 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.

North College Hill City School District  
Notes to the General-Purpose Financial Statements  
For the Year Ended June 30, 2003

By July 1, an annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level 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.

Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.

Formal budgetary integration is employed as a management control device during the year for all funds consistent with statutory provisions. All 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 2003 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.

The original appropriation measure was amended during the year as follows:

Fund Type	
Governmental:	
General Fund	\$95,000
Special Revenue	70,794
Capital Projects	375,000
Proprietary:	
Enterprise Funds	(38,303)

North College Hill City School District  
Notes to the General-Purpose Financial Statements  
For the Year Ended June 30, 2003

*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 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 budgeted funds as the equivalent of expenditures/expenses on a non-GAAP budgetary basis in order to demonstrate legal compliance. Note O provides a reconciliation of the budgetary basis and GAAP basis of accounting.

*CASH AND INVESTMENTS*

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

During fiscal year 2003, investments were limited to STAROhio, treasury notes, federal agency securities, commercial paper, and certificates of deposit.

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

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2003. 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, 2003.

Following Ohio statues, 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 2003 amounted to \$128,383.

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

An analysis of the Treasurer's investment account at year end, June 30, 2003, is provided in Note C.

North College Hill City School District  
Notes to the General-Purpose Financial Statements  
For the Year Ended June 30, 2003

*RESTRICTED ASSETS*

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a reserve for textbooks and instructional materials, capital improvements and maintenance, and budget stabilization in accordance with state statute. A reserve for budget stabilization is no longer required by state statute and any balance remaining in the previously required budget reserve can be used with certain restrictions, at the discretion of the Board of Education. A corresponding fund balance reserve or designation has also been established for each set aside amount.

*INVENTORY (MATERIAL AND SUPPLIES)*

Inventories are valued at lower of cost (First-in, First-out) or market and are determined by physical count. Inventories of Proprietary Funds are expensed when used rather than when purchased. Inventories of Governmental Funds are recorded as expenditures when purchased.

*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 retirements 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 \$1,000 and a useful life of less than 3 years.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Assets in the General Fixed Assets Account Group are not depreciated.

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 estimated useful lives ranging from 5 to 20 years.

*INTERGOVERNMENTAL REVENUES*

In governmental funds, entitlements and non-reimbursable grants are recorded as receivables and revenue when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants for proprietary fund operations are recognized as revenue when measurable and earned.

North College Hill City School District  
Notes to the General-Purpose Financial Statements  
For the Year Ended June 30, 2003

*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 expenditure/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. The District has no long-term advances as of June 30, 2003.

*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.

*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 could differ from those estimates.

*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.

North College Hill City School District  
Notes to the General-Purpose Financial Statements  
For the Year Ended June 30, 2003

The criteria for determining vested vacation and sick leave components is derived from negotiating agreements and state laws. In summary, the components of vesting are as follows:

<u>Vacation</u>	<u>Certified</u>	<u>Administrators</u>	<u>Non-Certified</u>
How earned	Not eligible	20 days per year	10-20 days for each service year depending on length of service.
Maximum Accumulation	N/A	60 days	Must be used in year earned
Vested	N/A	As earned	As earned
Termination Entitlement	N/A	Paid upon termination	Paid upon termination

Sick Leave

How Earned	1 1/4 days per month of employment (15 days per year maximum)	1 1/4 days per month of employment (15 days per year maximum)	1 1/4 days per month of employment (15 days per year maximum)
Maximum Accumulation	210 days	210 days	210 days
Vested	As earned	As earned	As earned
Termination Entitlement	Per contract	Per policy and board resolution	Per policy

For Governmental Funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an 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.

North College Hill City School District  
Notes to the General-Purpose Financial Statements  
For the Year Ended June 30, 2003

*FUND EQUITY*

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, inventory, debt service, and property taxes. Fund balances are also designated for funds set aside for budget stabilization in excess of statutory requirements. 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.

*AUTHORITATIVE SOURCES*

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 of 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**

State statutes classify monies held by the district into three categories.

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

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

North College Hill City School District  
Notes to the General-Purpose Financial Statements  
For the Year Ended June 30, 2003

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

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

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

1. United States Treasury Notes, bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written purchase 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. Bond 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) 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); and
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.



North College Hill City School District  
Notes to the General-Purpose Financial Statements  
For the Year Ended June 30, 2003

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

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

**Deposits** - At year end the carrying amount of the District's deposits was \$2,147,179 and the bank balance was \$2,259,514 (excluding payroll clearing accounts with a book balance of \$0 and a bank balance of \$162,204). Of the bank balance \$100,000 was covered by federal depository insurance, and \$2,321,718 was covered by collateral held by third party trustees pursuant to section 135.181 of the Ohio Revised Code, in collateral pools serving all public funds on deposit with specific depository institutions.

**Investments** - The District's investments are categorized to give an indication of the level of risk assumed by the entity at year end. CATEGORY 1 includes investments that are issued 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 or dealer or by its department or agent, but not in the District's name. STAROhio, an investment fund operated by the Ohio State Treasurer, is unclassified since it is not evidenced by securities that exist in physical or book entry form.

Based on the above criteria, the District's investments at June 30, 2003 are classified as follows:

	<u>Category 3</u>	<u>Reported Amount</u>	<u>Fair Value</u>
Freddie Mac	\$901,955	\$901,955	\$901,955
U.S. Treasury Notes	1,140,056	1,140,056	1,140,056
FNMA Notes	791,686	791,686	791,686
FHLMC Note	145,363	145,363	145,363
STAROhio	<u>        </u>	<u>693,255</u>	<u>693,255</u>
	<u>\$2,979,060</u>	<u>\$3,672,315</u>	<u>\$3,672,315</u>

North College Hill City School District  
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For the Year Ended June 30, 2003

The classification of cash, cash equivalents, and investments on the combined balance sheet is based on criteria set forth in GASB Statement No. 9, “Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting”.

**NOTE D--DEBT SERVICE FUNDS**

The District maintains \$16,187 within its debt service fund. A court order is required to transfer the monies for other purposes. The District has elected to maintain the cash balance in the debt service in anticipation of future debt issues.

**NOTE E-PROPERTY TAXES**

Property taxes include amount levied against real, public utility and tangible personal (business) property. The assessed value, by property classification, upon which taxes collected in 2003 were based as follows:

Tangible Personal	\$3,416,840
Real Estate	<u>124,716,750</u>
Total Valuation	<u>\$128,133,590</u>

In 2003 real property taxes were levied in January on the assessed values as of January 1, 2002, 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. The most recent revaluation was completed in January, 1999. 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 2003, 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 2003, 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.

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.

North College Hill City School District  
Notes to the General-Purpose Financial Statements  
For the Year Ended June 30, 2003

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which are measurable at June 30, 2003. Delinquent property taxes collected within 60 days are included as a receivable and tax revenue as of June 30, 2003. All other tax receivables are recorded with an offset credit to deferred revenue, because although measurable they are intended to finance the next fiscal year's operations.

**NOTE F--RECEIVABLES**

Receivables at June 30, 2003 consisted of taxes, interest, accounts receivables, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose of the nonpayment of taxes, the stable condition of State Programs, and the current year guarantee of Federal Funds.

A summary of the principal items of receivables follows:

<u>Fund</u>	<u>Type of Receivable</u>	<u>Amount</u>
General Fund	Taxes	\$3,721,635
	Accounts	4,744
	Interest	21,008
Special Revenue	Accounts	41
	Due from other Governments	38,326
Capital Projects	Taxes	424,578
Enterprise	Accounts	267
	Due from other Governments	63,308

**NOTE G--FIXED ASSETS**

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

	<u>Balance at June 30, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2003</u>
Land/Land Improvements	\$234,476	\$-0-	\$61,672	\$172,804
Building/Building Improvements	4,210,601	61,672	-0-	4,272,273
Furniture Fixtures/ Equipment	2,455,048	230,331	1,400	2,683,979
Construction in Progress	<u>-0-</u>	<u>128,563</u>	<u>-0-</u>	<u>128,563</u>
Total	<u>\$6,900,125</u> =====	<u>\$420,566</u> =====	<u>\$63,072</u> =====	<u>\$7,257,619</u> =====

North College Hill City School District  
Notes to the General-Purpose Financial Statements  
For the Year Ended June 30, 2003

A summary of the Proprietary Fund fixed assets at June 30, 2003 follows:

Furniture and Equipment	\$193,356
Less Accumulated Depreciation	<u>(151,259)</u>
Net Fixed Assets - Proprietary Fund	<u>\$42,097</u>

**NOTE H--CAPITAL LEASE OBLIGATIONS**

In prior years, the District has entered into capitalized leases for the acquisition of certain office equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13. Capital lease payments are reflected as debt service in the combined financial statements for the governmental funds. Equipment acquired by capital lease has been capitalized in the General Fixed Asset Account Group in an amount 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. Principal payments in 2003 totaled \$19,007.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2003.

	Year	
	<u>Ending</u>	<u>Amount</u>
	2004	\$22,345
	2005	22,345
	2006	<u>5,586</u>
Total Minimum Lease Payments		\$50,276
Less:		
Amount Representing Interest		<u>3,256</u>
Present Value of Minimum Lease Payments		<u>\$47,020</u>

North College Hill City School District  
Notes to the General-Purpose Financial Statements  
For the Year Ended June 30, 2003

**NOTE I--CHANGES IN THE GENERAL LONG TERM OBLIGATIONS ACCOUNT GROUP**

During the year ended June 30, 2003 the following changes occurred in liabilities reported in the General Long-Term Obligations Account Group. Compensated absences will be paid from the fund from which the employee is paid.

	<u>Balance at July 1, 2002</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at June 30, 2003</u>
Compensated Absences:				
Vacation	\$101,818	\$79,975	\$60,094	\$121,699
Accrued Sick Leave	525,592	56,197	22,252	559,537
General Obligation Debt:				
Capital Leases	<u>66,027</u>	<u>-0-</u>	<u>19,007</u>	<u>47,020</u>
Total	<u>\$693,437</u>	<u>\$136,172</u>	<u>\$101,353</u>	<u>\$728,256</u>

**NOTE J--LEGAL DEBT MARGINS**

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. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the district.

The effects of these debt limitations at June 30, 2003 are a voted debt margin of \$11,532,023 and an unvoted debt margin of \$128,134.

**NOTE K—SET ASIDE DISCLOSURES**

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

North College Hill City School District  
Notes to the General-Purpose Financial Statements  
For the Year Ended June 30, 2003

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

**Reserved Fund Balances**

	<u>Instructional Materials</u>	<u>Capital Improvements</u>	<u>Totals</u>
Set-aside Reserve Balance as Of June 30, 2002	\$195,860	\$46,569	\$242,429
Current Year Set-aside Requirement	216,529	216,529	433,058
Current Year Offsets	0	(475,686)	(475,686)
Qualifying Disbursements	<u>(318,669)</u>	<u>(46,569)</u>	<u>(365,238)</u>
Total	<u>93,720</u>	<u>(259,157)</u>	<u>(165,437)</u>
Set Aside Reserve Balance As of June 30, 2003	\$93,720 =====	\$0 =====	\$93,720 =====

**Unreserved - Designated Fund Balances**

	<u>Instructional Materials</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Additional Money Set-aside as Of June 30, 2003	\$-0-	\$-0-	\$368,876	\$368,876

The School District also set-aside additional money in excess of statutory requirements for budget stabilization. This amount is presented on the balance sheet a designation of fund balance rather than as a reserve and is therefore not included in restricted assets.

North College Hill City School District  
Notes to the General-Purpose Financial Statements  
For the Year Ended June 30, 2003

**NOTE L--SEGMENT INFORMATION**

Enterprise Funds - The District maintains two Enterprise Funds to account for the operations of Food Service and Uniform School 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, 2003.

	<u>Food Service</u>	<u>Uniform School Supply</u>	<u>Total</u>
Operating Revenues	\$166,764	\$44,256	\$211,020
Operating Expenses	<u>461,171</u>	<u>51,907</u>	<u>513,078</u>
Operating (Loss) Income	(294,407)	(7,651)	(302,058)
Nonoperating Revenue	<u>318,576</u>	-0-	<u>318,576</u>
Net Income (Loss)	<u>24,169</u>	<u>(7,651)</u>	<u>16,518</u>
Net Working Capital	<u>230,830</u>	<u>68,183</u>	<u>299,013</u>
Total Assets	<u>278,082</u>	<u>68,183</u>	<u>346,265</u>
Total Liability	<u>16,203</u>	<u>-0-</u>	<u>16,203</u>
Total Equity	<u>261,879</u>	<u>68,183</u>	<u>330,062</u>

North College Hill City School District  
Notes to the General-Purpose Financial Statements  
For the Year Ended June 30, 2003

**NOTE M--EMPLOYEE RETIREMENT SYSTEMS**

**School Employees Retirement System**

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute, Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215 or by calling (614) 222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2003, 8.17 percent of the annual covered salary was the portion used to fund pension obligations. For fiscal year 2002, 5.46 percent was the portion used to fund pension obligations. 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 School District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$116,850, \$54,136, and \$51,749, respectively; 97.35% percent has been contributed for fiscal year 2003 and 100 percent for the fiscal years 2002 and 2001. \$3,102 representing the unpaid contribution for fiscal year 2003, is recorded as a liability within the respective funds.

**State Teachers Retirement System**

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system 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. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614) 227-4090.



North College Hill City School District  
Notes to the General-Purpose Financial Statements  
For the Year Ended June 30, 2003

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 member contributions and earned interest matched by STRS Ohio funds times 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 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. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001.

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 dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2002, the portion used to fund pension obligations was 9.5 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's contributions for pension obligations to STRS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$696,335, \$301,260, and \$469,000, respectively; 86.37 percent has been contributed for fiscal year 2003 and 100 percent for the fiscal years 2002 and 2001. \$94,925 representing the unpaid contribution for fiscal year 2003, is recorded as a liability within the respective funds.

**NOTE N--POST EMPLOYMENT BENEFITS**

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired 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 State statute. Both Systems are funded on a pay-as-you-go basis.

North College Hill City School District  
Notes to the General-Purpose Financial Statements  
For the Year Ended June 30, 2003

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients pay a portion of 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. For fiscal year 2003, the Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. For the School District, this amount equaled \$53,564 during fiscal year 2003.

STRS pays health care benefits from the Health Care Stabilization Fund. The balance in the Fund was \$3.011 billion at June 30, 2002 (the latest information available). For the year ended June 30, 2002, net health care costs paid by STRS were \$354,697,000 and STRS had 105,300 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For fiscal year 2003, employer contributions to fund health care benefits were 5.83 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2003, 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 asset target level for the health care fund.

The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2002 (the latest information available) were \$182,946,777 and the target level was \$274.4 million. At June 30, 2002, SERS had net assets available for payment of health care benefits of \$335.2 million. The number of participants currently receiving health care benefits is approximately 50,000. For the School District, the amount to fund health care benefits, including the surcharge, equaled \$103,720 during the 2003 fiscal year.

North College Hill City School District  
Notes to the General-Purpose Financial Statements  
For the Year Ended June 30, 2003

**NOTE O--BUDGET TO GAAP RECONCILIATION**

While the School District is reporting financial position, results of operations, results of operations and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law and described above is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non GAAP Budgetary Basis)-All Governmental Fund Types type are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The operating transfers in and operating transfers out on this statement are different as a result of a transfer made to the Agency Fund. The advances in and advances out on this statement are different as a result of advances made out of the Enterprise and Agency Funds. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis),
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis).

North College Hill City School District  
Notes to the General-Purpose Financial Statements  
For the Year Ended June 30, 2003

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

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

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
GAAP Basis	\$(58,137)	\$165,750	\$-0-	\$349,512
Net Adjustments for Revenue Accruals	316,733	(25,358)	-0-	21,117
Net Adjustment for Expenditure Accruals and Encumbrances	(678,283)	(116,652)	-0-	(490,475)
Net Adjustment for Other Financing Sources (Uses)	<u>19,002</u>	<u>800</u>	<u>-0-</u>	<u>(14,800)</u>
Budgetary Basis	<u>\$(400,685)</u>	<u>\$24,540</u>	<u>\$-0-</u>	<u>\$(134,646)</u>

**NOTE P--COMPLIANCE AND ACCOUNTABILITY**

State Statue requires all funds to certify appropriations within estimated resources and beginning fund balances. All funds had appropriations within estimated resources and beginning fund balances.

State Statue also requires all funds to have expenditures and encumbrances within approved appropriation limits. All funds of the District had expenditures and encumbrances within the approved appropriations.

**NOTE Q--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 commercial general liability insurance against these risks and all other risks of loss, including workers' compensation and employee health and accident insurance.

North College Hill City School District  
Notes to the General-Purpose Financial Statements  
For the Year Ended June 30, 2003

Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three years. There has been no significant reduction in coverage from last year.

**NOTE R--STATE SCHOOL FUNDING**

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed the earlier decision that Ohio's current school funding plan is unconstitutional. The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school funding scheme that is thorough and efficient...".

The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

**NOTE S—JOINTLY GOVERNED ORGANIZATIONS**

*The Hamilton/Clermont Cooperative Association (HCCA)* which is a computer service organization whose primary function is to provide information technology services to its members. Currently, the district along with 31 other member school districts in the Ohio counties of Hamilton and Clermont are participants. The Association was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The governing board of HCCA consists of the superintendents of the member school districts. The degree of control exercised by any participating School District is limited to its representation on the board. Each of the governments of these schools supports HCCA based upon a per pupil charge dependent upon the software package utilized. During the 2003 fiscal year the District paid \$28,359 to HCCA for services. Financial information can be obtained from their fiscal agent, the Hamilton County Education Service Center, Donald Rabe who serves as Treasurer, at 11083 Hamilton Avenue, Cincinnati, Ohio 45231

*Great Oaks Institute of Technology Joint Vocational School* - is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of eleven representatives from the various City and County Boards within Hamilton County, which possesses its own budgeting and taxing authority. To obtain financial information write to the Great Oaks Institute of Technology Joint Vocational School, John Wahle who serves as Treasurer, at 3254 East Kemper Road, Cincinnati, Ohio 45241.

North College Hill City School District  
Notes to the General-Purpose Financial Statements  
For the Year Ended June 30, 2003

**NOTE T—INSURANCE PURCHASING POOLS**

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

**NOTE U – PRIOR PERIOD ADJUSTMENTS**

The District has restated the beginning balances of some funds to accurately report interfund payables and receivables. This adjustment had the effect of increasing fund balance in the General Fund from the previous balance of \$4,460,271 to the restated balance of \$4,841,951 and decreasing the fund balance in the Capital Project Funds from the previous balance of \$840,155 to the restated balance of \$458,475.

The District has also restated the beginning balance of capital leases payable in the General Long-Term Obligation Account Group by decreasing it by \$17,878 to properly record the correct amount due.

**NORTH COLLEGE HILL CITY SCHOOL DISTRICT**

Schedule of Federal Awards Expenditures

For the Year Ended June 30, 2003

Federal Grantor / Pass Through Grantor / Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Expenditures
<b><u>U.S. Department of Agriculture</u></b>				
<i>Passed Through Ohio Department of Education:</i>				
Nutrition Cluster:				
School Breakfast Program	05-PU	10.553	\$42,332	\$42,332
National School Lunch Program	04-LL	10.555	179,498	179,498
<b>Total U.S. Department of Agriculture</b>			<u>221,830</u>	<u>221,830</u>
<b><u>U.S. Department of Education</u></b>				
<i>Passed Through Great Oaks Institute of Technology</i>				
Vocational Education - ICP Career Grant	754	84.048	2,523	3,086
<i>Passed Through Ohio Department of Education:</i>				
Title I Grants to Local Educational Agencies	C1-S1	84.010	203,240	218,096
Special Education Cluster:				
Special Education - Grants to States	6B-SF	84.027	153,108	146,975
Special Education - Preschool Grants	PG-S1	84.173	4,411	6,157
			<u>157,519</u>	<u>153,132</u>
Safe and Drug-Free Schools and Communities	DR-S1	84.186	4,350	9,752
Goals 2000: Improvement Grants	G2-S2	84.276	0	1,612
Eisenhower Professional Development Grant	MS-S1	84.281	0	1,569
Innovative Educational Program Strategies	C2-S1	84.298	11,804	14,317
Technology Literacy Challenge Grant	TF-S1	84.318	1,687	6,021
Comprehensive School Reform	RF-CC	84.332	25,000	37,319
Class Size Reduction	CR-S1	84.340	2,847	11,332
School Renovation Grant	AT - S3	84.352A	2,995	0
Improving Teacher Quality	TR-S1	84.367	56,950	42,561
<b>Total U.S. Department of Education</b>			<u>468,915</u>	<u>498,797</u>
<b>Total Federal Financial Assistance</b>			<u>\$690,745</u>	<u>\$720,627</u>

**Note 1 - Noncash Federal Financial Assistance**

During the year ended June 30, 2003, the District received \$46,164 and used \$48,184 in fair value inventory under the Nutrition Cluster - Food Distribution (Commodities) Program, Federal CFDA Number 10.550, that is not reported in the above schedule. At June 30, 2003, the District had no significant food commodities inventory.

**Note 2 - Significant Accounting Policies**

The District prepares its Schedule of Federal Awards Expenditures on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.

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**Report on Compliance and on Internal Control over Financial Reporting  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards**

Board of Education  
North College Hill City School District  
1498 W. Galbraith Road  
Cincinnati, Ohio 45231-5597

We have audited the financial statements of the North College Hill City School District (the District), as of and for the year ended June 30, 2003 and have issued our report thereon dated January 20, 2004. 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 of America.

**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*.

**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 certain matters involving the internal control over financial reporting that we have reported to the management of the District in a separate letter dated January 20, 2004.

Board of Education  
North College Hill City School District  
Report on Compliance and on Internal Control over Financial Reporting  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

This report is intended for the information and use of the Board of Education, management, 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.

## **J. L. Uhrig and Associates, Inc.**

J. L. UHRIG AND ASSOCIATES, INC.

January 20, 2004

**Report on Compliance with Requirements Applicable to Each Major  
Program and Internal Control over Compliance in Accordance with  
OMB Circular A-133**

Board of Education  
North College Hill City School District  
1498 W. Galbraith Road  
Cincinnati, Ohio 45231-5597

**Compliance**

We have audited the compliance of North College Hill City School District (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 are applicable to its major federal program for the year ended June 30, 2003. The District's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs 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, 2003.

**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.

Board of Education  
North College Hill City School District  
Report on Compliance with Requirements Applicable to Each Major  
Program and Internal Control over Compliance in Accordance with  
OMB Circular A-133

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

This report is intended for the information and use of the Board of Education, management, 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.

## J. L. Uhrig and Associates, I nc.

J. L. UHRIG AND ASSOCIATES, INC.

January 20, 2004

**NORTH COLLEGE HILL CITY SCHOOL DISTRICT**

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2003

**A. SUMMARY OF AUDITOR'S RESULTS**

<b>1. Type of Financial Statement Opinion</b>	Unqualified
<b>2. Were there any material internal control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>3. Were there any other reportable internal control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>4. Was there any material noncompliance reported at the financial statement level (GAGAS)?</b>	No
<b>5. Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>6. Were there any other reportable internal control weaknesses reported for major federal programs?</b>	No
<b>7. Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>8. Are there any reportable findings under § .510?</b>	No
<b>9. Major Programs (list):</b>	CFDA #10.550, 10.553, 10.555 Nutrition Cluster
<b>10. Dollar Threshold: Type A/B Programs</b>	Type A: >\$300,000 Type B: All Other Programs
<b>11. Low Risk Auditee?</b>	Yes

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

There were no findings related to the financial statements required to be reported in accordance with GAGAS.

**C. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

There were no findings and questioned costs for federal awards.

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**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**NORTH COLLEGE HILL 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  
FEBRUARY 12, 2004**