



**FINNEYTOWN LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**FINNEYTOWN LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Finneytown Local School District
Hamilton County
8916 Fountainbleau Terrace
Cincinnati, Ohio 45231

To the Board of Education:

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

December 18, 2001

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Finneytown Local School District
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2001

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Assets and Other Debits:				
Equity in Pooled Cash and Investments	\$1,972,435	\$559,532	\$247,528	\$595,701
Restricted Equity in Pooled Cash and Investments	66,509	0	0	0
Receivables:				
Taxes	6,009,405	0	657,575	221,435
Intergovernmental	16,473	2,792	0	0
Accounts	3,125	0	0	0
Inventory	0	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
Other Debits:				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided for Retirement of General Long-Term Obligations	0	0	0	0
Total Assets & Other Debits	<u>\$8,067,947</u>	<u>\$562,324</u>	<u>\$905,103</u>	<u>\$817,136</u>
Liabilities, Fund Equity & Other Credits:				
Liabilities:				
Accounts Payable	\$10,916	\$38,762	\$0	\$17,339
Accrued Wages & Benefits	2,111,136	29,670	0	0
Compensated Absences Payable	148,212	0	0	0
Deferred Revenue	4,617,105	2,792	497,875	168,035
Due to Students	0	0	0	0
Arbitrage Rebate Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	<u>6,887,369</u>	<u>71,224</u>	<u>497,875</u>	<u>185,374</u>
Fund Equity & Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	0	290,742	0	347,178
Reserved for Property Tax Advances	1,392,300	0	159,700	53,400
Reserved for Set-Asides	66,509	0	0	0
Unreserved & Undesignated	(278,231)	200,358	247,528	231,184
Total Fund Equity (Deficit) & Other Credits	<u>1,180,578</u>	<u>491,100</u>	<u>407,228</u>	<u>631,762</u>
Total Liabilities, Fund Equity & Other Credits	<u>\$8,067,947</u>	<u>\$562,324</u>	<u>\$905,103</u>	<u>\$817,136</u>

See accompanying notes.

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Agency			
\$58,124	\$31,246	\$0	\$0	\$3,464,566
0	0	0	0	66,509
0	0	0	0	6,888,415
1,628	0	0	0	20,893
0	0	0	0	3,125
2,869	0	0	0	2,869
95,448	0	19,123,277	0	19,218,725
0	0	0	407,228	407,228
0	0	0	9,039,145	9,039,145
<u>\$158,069</u>	<u>\$31,246</u>	<u>\$19,123,277</u>	<u>\$9,446,373</u>	<u>\$39,111,475</u>
\$25,655	\$0	\$0	\$0	\$92,672
4,900	0	0	114,450	2,260,156
6,256	0	0	912,381	1,066,849
1,763	0	0	0	5,287,570
0	31,246	0	0	31,246
0	0	0	179,542	179,542
0	0	0	8,240,000	8,240,000
<u>38,574</u>	<u>31,246</u>	<u>0</u>	<u>9,446,373</u>	<u>17,158,035</u>
0	0	19,123,277	0	19,123,277
119,495	0	0	0	119,495
0	0	0	0	637,920
0	0	0	0	1,605,400
0	0	0	0	66,509
0	0	0	0	400,839
<u>119,495</u>	<u>0</u>	<u>19,123,277</u>	<u>0</u>	<u>21,953,440</u>
<u>\$158,069</u>	<u>\$31,246</u>	<u>\$19,123,277</u>	<u>\$9,446,373</u>	<u>\$39,111,475</u>

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Finneytown Local School District
 Combined Statement of Revenues, Expenditures
 And Changes in Fund Balance
 All Governmental Fund Types
 For the Year Ended June 30, 2001

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Revenues:					
Taxes	\$5,832,267	\$0	\$623,131	\$210,684	\$6,666,082
Intergovernmental	6,381,137	1,465,179	81,754	42,326	7,970,396
Investment	257,002	18,628	0	0	275,630
Tuition & Fees	189,134	13,803	0	0	202,937
Extracurricular Activities	0	136,784	0	0	136,784
Miscellaneous	166,431	83,226	0	0	249,657
Total Revenues	12,825,971	1,717,620	704,885	253,010	15,501,486
Expenditures:					
Current:					
Instruction:					
Regular	6,068,487	161,652	0	96,387	6,326,526
Special	1,663,366	145,700	0	0	1,809,066
Vocational	263,503	0	0	0	263,503
Other	100,150	3,981	0	0	104,131
Support Services:					
Pupils	701,719	130,560	0	0	832,279
Instructional Staff	484,927	30,756	0	0	515,683
Board of Education	11,964	0	0	0	11,964
Administration	1,028,720	4,642	0	0	1,033,362
Fiscal	334,308	0	8,676	2,930	345,914
Business	252,259	0	0	0	252,259
Operation & Maintenance of Plant	1,408,566	15,919	0	0	1,424,485
Pupil Transportation	445,062	0	0	6,623	451,685
Central	243,169	676	0	51,472	295,317
Operation of Non-Instructional Services	111,008	1,047,770	0	0	1,158,778
Extracurricular Activities	289,251	125,712	0	0	414,963
Capital Outlay	0	0	0	306,441	306,441
Debt Service:					
Principal Retirement	0	0	165,000	0	165,000
Interest & Fiscal Charges	0	0	474,824	0	474,824
Total Expenditures	13,406,459	1,667,368	648,500	463,853	16,186,180
Excess of Revenues Over (Under) Expenditures	(580,488)	50,252	56,385	(210,843)	(684,694)
Other Financing Sources (Uses):					
Proceeds from Sale of Fixed Assets	1,564	0	0	4,349	5,913
Operating Transfers In	0	0	0	66,331	66,331
Operating Transfers Out	(91,331)	0	0	0	(91,331)
Total Other Financing Sources (Uses)	(89,767)	0	0	70,680	(19,087)
Excess of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	(670,255)	50,252	56,385	(140,163)	(703,781)
Fund Balance, Beginning of Year	1,850,833	440,848	350,843	771,925	3,414,449
Fund Balance, End of Year	\$1,180,578	\$491,100	\$407,228	\$631,762	\$2,710,668

See accompanying notes.

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

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Taxes	\$6,094,007	\$6,094,007	\$0	\$0	\$0	\$0
Intergovernmental	6,415,302	6,415,302	0	1,465,179	1,465,179	0
Investment	257,002	257,002	0	18,628	18,628	0
Tuition & Fees	189,134	189,134	0	13,803	13,803	0
Extracurricular Activities	0	0	0	136,784	136,784	0
Miscellaneous	163,306	163,306	0	83,226	83,226	0
Total Revenues	13,118,751	13,118,751	0	1,717,620	1,717,620	0
Expenditures:						
Current:						
Instruction:						
Regular	6,057,194	6,057,194	0	167,999	167,999	0
Special	1,628,304	1,628,304	0	141,810	141,810	0
Vocational	247,335	247,335	0	0	0	0
Other	100,150	100,150	0	10,732	10,732	0
Support Services:						
Pupils	683,556	683,556	0	134,886	134,886	0
Instructional Staff	481,159	481,159	0	30,020	30,020	0
Board of Education	11,964	11,964	0	0	0	0
Administration	997,474	997,474	0	6,081	6,081	0
Fiscal	330,370	330,370	0	0	0	0
Business	255,143	255,143	0	0	0	0
Operation & Maintenance of Plant	1,394,008	1,394,008	0	15,919	15,919	0
Pupil Transportation	445,735	445,735	0	0	0	0
Central	228,407	228,407	0	676	676	0
Operation of Non-Instructional Services	109,018	109,018	0	1,352,485	1,352,485	0
Extracurricular Activities	284,035	284,035	0	145,784	145,784	0
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest & Fiscal Charges	0	0	0	0	0	0
Total Expenditures	13,253,852	13,253,852	0	2,006,392	2,006,392	0
Excess (Deficiency) of Revenues Over Under Expenditures	(135,101)	(135,101)	0	(288,772)	(288,772)	0
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	1,564	1,564	0	0	0	0
Operating Transfers In	0	0	0	0	0	0
Operating Transfers Out	(91,331)	(91,331)	0	0	0	0
Total Other Financing Sources (Uses)	(89,767)	(89,767)	0	0	0	0
Excess of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	(224,868)	(224,868)	0	(288,772)	(288,772)	0
Fund Balance, Beginning of Year (Includes Prior Year Encumbrances Appropriated)	2,263,814	2,263,814	0	522,234	522,234	0
Fund Balance, End of Year	\$2,038,946	\$2,038,946	\$0	\$233,462	\$233,462	\$0

See accompanying notes.

Debt Service			Capital Projects			Totals (Memorandum Only)		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$650,531	\$650,531	\$0	\$169,078	\$219,684	\$50,606	\$6,913,616	\$6,964,222	\$50,606
81,754	81,754	0	42,326	42,326	0	8,004,561	8,004,561	0
0	0	0	0	0	0	275,630	275,630	0
0	0	0	0	0	0	202,937	202,937	0
0	0	0	0	0	0	136,784	136,784	0
0	0	0	0	0	0	246,532	246,532	0
732,285	732,285	0	211,404	262,010	50,606	15,780,060	15,830,666	50,606
0	0	0	96,387	96,387	0	6,321,580	6,321,580	0
0	0	0	0	0	0	1,770,114	1,770,114	0
0	0	0	0	0	0	247,335	247,335	0
0	0	0	0	0	0	110,882	110,882	0
0	0	0	0	0	0	818,442	818,442	0
0	0	0	0	0	0	511,179	511,179	0
0	0	0	0	0	0	11,964	11,964	0
0	0	0	0	0	0	1,003,555	1,003,555	0
8,676	8,676	0	2,930	2,930	0	341,976	341,976	0
0	0	0	0	0	0	255,143	255,143	0
0	0	0	0	0	0	1,409,927	1,409,927	0
0	0	0	6,623	6,623	0	452,358	452,358	0
0	0	0	65,472	65,472	0	294,555	294,555	0
0	0	0	0	0	0	1,461,503	1,461,503	0
0	0	0	0	0	0	429,819	429,819	0
0	0	0	757,262	757,262	0	757,262	757,262	0
150,000	150,000	0	0	0	0	150,000	150,000	0
489,824	489,824	0	0	0	0	489,824	489,824	0
648,500	648,500	0	928,674	928,674	0	16,837,418	16,837,418	0
83,785	83,785	0	(717,270)	(666,664)	50,606	(1,057,358)	(1,006,752)	50,606
0	0	0	4,349	4,349	0	5,913	5,913	0
0	0	0	66,331	66,331	0	66,331	66,331	0
0	0	0	0	0	0	(91,331)	(91,331)	0
0	0	0	70,680	70,680	0	(19,087)	(19,087)	0
83,785	83,785	0	(646,590)	(595,984)	50,606	(1,076,445)	(1,025,839)	50,606
163,744	163,744	0	827,172	827,172	0	3,776,964	3,776,964	0
\$247,529	\$247,529	\$0	\$180,582	\$231,188	\$50,606	\$2,700,519	\$2,751,125	\$50,606

**Finneytown Local School District
 Combined Statement of Revenues, Expenses
 And Changes in Retained Earnings
 Enterprise Fund
 For the Year Ended June 30, 2001**

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Revenues:	
Charges for Services	\$303,865
Tuition & Fees	67,986
	<hr/>
Total Operating Revenues	371,851
	<hr/>
Operating Expenses:	
Salaries	32,765
Fringe Benefits	9,688
Purchased Services	375,319
Materials & Supplies	13,952
Depreciation	7,251
	<hr/>
Total Operating Expenses	438,975
	<hr/>
Operating Income (Loss)	(67,124)
	<hr/>
Non-Operating Revenues (Expenses):	
Investment Revenue	1,883
Donated Commodities	17,746
Operating Grants - State & Local	3,664
Operating Grants - Federal	76,797
	<hr/>
Total Non-Operating Revenues	100,090
	<hr/>
Income (Loss) before Operating Transfers	32,966
	<hr/>
Operating Transfers In	25,000
	<hr/>
Net Income	57,966
	<hr/>
Retained Earnings, Beginning of Year	61,529
	<hr/>
Retained Earnings, End of Year	\$119,495
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See accompanying notes.

Finneytown Local School District
Combined Statement of Cash Flows
Enterprise Fund
For the Year Ended June 30, 2001

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Cash Flows from Operating Activities:	
Cash Received from Tuition & Fees	\$67,986
Cash Received from Charges for Services	303,865
Cash Payments for Personal Services	(42,623)
Cash Payments for Contract Services	<u>(365,583)</u>
Net Cash Provided (Used) by Operating Activities	<u>(36,355)</u>
Cash Flows from Non-Capital Financing Activities:	
Cash Received from Other Funds	25,000
Cash Received from Operating Grants	89,005
Cash Received from Investment Earnings	<u>1,883</u>
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>115,888</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	<u>(80,060)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(80,060)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(527)
Cash and Cash Equivalents at Beginning of Year	<u>58,651</u>
Cash and Cash Equivalents at End of Year	<u><u>\$58,124</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	(\$67,124)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	7,251
Donated Commodities Used	17,746
Changes in Assets and Liabilities:	
(Increase) Decrease in Materials & Supplies Inventory	158
Increase (Decrease) in Accounts Payable	5,421
Increase (Decrease) in Accrued Wages & Benefits	413
Increase (Decrease) in Compensated Absences Payable	(583)
Increase (Decrease) in Deferred Revenue	<u>363</u>
Net Cash Provided (Used) by Operating Activities	<u><u>(\$36,355)</u></u>

See accompanying notes.

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FINNEYTOWN LOCAL SCHOOL DISTRICT
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
For Fiscal Year Ended June 30, 2001

1. DESCRIPTION OF THE DISTRICT

The Finneytown Local School District (the "District") is a political body incorporated for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The Finneytown Local School District is a local district as defined by Section 3311.03 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District. Average daily membership (ADM) as of October 1, 2000 was 1,849. The District employed 145 certificated employees and 90 non-certificated employees.

Management believes the financial statements included in this report represent all of the funds of the District for which the Board of Education is financially accountable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

For financial reporting purposes, the financial statements of a government should include all funds and account groups of the primary government, and component units for which the government is financially accountable based upon criteria set forth in GASB Statement 14. The District's financial statements include only the primary government. 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 appointed a voting majority of the organization's governing body; and (a) was able to impose its will on that organization; or (b) there was a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the District; or
2. The organization was fiscally dependent upon the District; or

FINNEYTOWN LOCAL SCHOOL DISTRICT
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
For Fiscal Year Ended June 30, 2001
(Continued)

3. The nature of the relationship between the District and the organization was such that the exclusion from the financial reporting entity would render the financial statements misleading.

The District has no component units.

The School District is associated with one jointly governed organization and one public entity risk pool. These organizations are discussed in Notes 16 and 17 of the general purpose financial statements. These organizations are:

Jointly Governed Organizations:

Hamilton/Clermont Cooperative Association
Great Oaks Joint Vocational School

Public Entity Risk Pools:

Ohio School Boards Association Workers' Compensation Group
Rating Program

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the District are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

Governmental Fund Types - 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 current liabilities (except for those accounted for in proprietary and fiduciary fund types) are accounted for through governmental funds. The following are the District's governmental fund types:

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

FINNEYTOWN LOCAL SCHOOL DISTRICT
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
For Fiscal Year Ended June 30, 2001
(Continued)

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

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

Capital Projects Funds - Is 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 Fund Types - Proprietary funds are used to account for the District's ongoing activities which are similar to those most often found in the private sector. The following is the District's proprietary fund type:

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

Fiduciary Fund Types - The District's agency funds are fiduciary funds used to account for assets held by the District as an agent for individuals, private organizations, other governmental units and/or other funds. Agency funds are custodial in nature (assets equal liabilities).

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

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the District, other than those accounted for in proprietary funds.

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General Long-Term Obligations Account Group - This account group is established to account for all long-term obligations of the District, except those accounted for in proprietary funds.

C. Measurement Focus/Basis of Accounting

Measurement Focus: Governmental fund types are accounted for on a spending, or “current financial resources”, measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Governmental fund type operating statements represent increases and decreases in net current assets. Their reported fund balances are considered a measure of available spendable resources.

Proprietary fund types are accounted for on a cost of services, or “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 is accounted for as retained earnings. Proprietary fund type income statements represent increases and decreases in net total assets.

Basis of Accounting - The modified accrual basis of accounting is followed for governmental and agency funds. Under this basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures for the current period, which for the District is 60 days after the fiscal year end.

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 4.) 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 resources are required to be used or the

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fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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

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

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

D. Budgetary Data

The District is required by state statute to adopt an annual appropriated budget for all Governmental Fund types. The specific timetable is as follows:

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

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2. By no later than January 20, the Board-adopted budget is filed with the Hamilton County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts by formal resolution the tax rates as determined by the Hamilton County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the 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.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund or fund and single digit function level of expenditures in the case of the general fund, which represent the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. Resolution appropriations by fund must be within the estimated resources as certified by the Hamilton County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriations totals.
5. Any revisions that alter the total of any fund appropriation at the legal level of budgetary control must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with statutory provisions. All departments, functions and funds completed the year within the amount of their legally-authorized appropriation.
7. 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 appropriation amounts. All supplemental appropriations were legally enacted by the Board. The budget figures that

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appear in the statements of budgetary comparisons represent the final appropriation amounts.

8. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditure plus encumbrances may not legally exceed budgeted appropriations at the fund, function, and/or object level.

E. Encumbrances

Encumbrance accounting is utilized by the 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 on the combined balance sheet as a reserve of the fund balance on a GAAP Basis and for all funds as the equivalent of expenditures/expenses on a non-GAAP budgetary basis in order to demonstrate legal compliance.

F. Cash and Investments

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

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

State Statute authorizes the District to invest in obligations of the U.S. Treasury, commercial paper and repurchase agreements. Under existing Ohio Statutes, all investment earnings accrue to the General Fund except those

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credited to the Auxiliary Service Fund, Food Service Fund and other funds individually authorized by Board resolution.

Investments are stated at fair value as determined by quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

2. Restricted assets in the general fund represent cash and investments set aside to establish a budget stabilization reserve. Effective April 10, 2001, Senate Bill 345 deleted from law the requirement for establishment, maintenance and appropriation for a budget reserve set-aside.

According to Senate Bill 345, any money on hand in a school district's budget reserve set-aside as of April 10, 2001, may at the discretion of the board be returned to the district's general fund or be designated for use by the board to offset any budget deficit the district may experience in future fiscal years. Senate Bill 345 further stipulated that any portion of the budget reserve set-aside consisting of refunds or rebates from the Bureau of Workers' Compensation (that were previously required by law to be deposited into the budget reserve) be used solely for the following purposes:

- To offset a budget deficit;
- For school facility construction, renovation or repair;
- For textbooks or instructional materials, including science equipment;
- For the purchase of school buses; or
- For professional development of teachers.

As of June 30, 2001, money in the district's budget reserve was classified as follows:

BWC refunds/rebates	\$ 66,509
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G. Inventory (Materials and Supplies)

Inventories of the enterprise funds are valued at lower of cost (first-in, first-out method) or market and are determined by physical count. Inventories of the enterprise funds consist of donated food, purchased food, and school supplies held for resale and are expended when used.

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H. Fixed Assets and Depreciation

1. 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. No depreciation is recognized for assets in the General Fixed Assets Account Group. The District maintains a capitalization limit of \$250. The District does not possess any infrastructure. Improvements are capitalized. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general fixed assets is not capitalized.
2. Proprietary Funds - Property, plant and equipment reflected in the Proprietary Funds are stated at historical cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. Depreciation has been provided, where appropriate, on a straight-line basis over the following estimated useful lives:

Building Improvements	10 - 35 years
Equipment	5 - 20 years

I. 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 right to receive compensation is 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.

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

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employees and administrative employees after 20 years of current service and for School District employees which become eligible for retirement within the next 3 years.

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.

J. Interfund Transactions

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

1. Routine transfers of resources from one fund to another fund through which resources to be expended are recorded as operating transfers.
2. Reimbursements from one fund to another fund are treated as expenditures/expenses in the reimbursing fund and as a reduction in expenditures/expenses in the reimbursed fund.

K. Accrued Liabilities and 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 the governmental fund. The remaining portion of such obligations is reported in the general long-term obligation account group.

Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

L. Fund Equity

Reserved fund balances indicate that portion of fund equity that is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, set asides and property taxes. The reserve for

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property taxes represent taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under state statute. The unreserved portions of fund equity reflected for the governmental funds are available for use within specific purpose of those funds.

M. Memorandum Only - Total Columns

Total columns on the general purpose financial statements are captioned “(Totals 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 principals. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

N. Proprietary Fund Accounting

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

3. EQUITY IN POOLED CASH AND INVESTMENT

The District maintains a cash and investment pool used by all funds. Each fund type’s portion of this pool is displayed on the combined balance sheet as “Equity in Pooled Cash and Investments”. State statute requires the classification of monies held by the District into three categories:

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

Inactive Monies - Those monies not required for use within the current two-year period of designated depositories. Ohio law permits inactive monies to be deposited or invested in certificates of deposit maturing not later than the end of the current period of designation of depositories.

FINNEYTOWN LOCAL SCHOOL DISTRICT
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NOTES TO THE FINANCIAL STATEMENTS
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Interim Monies - Those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Ohio law permits interim monies to be invested or deposited 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 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 repurchase agreements in the securities listed above provided that market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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 investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year-end the carrying amount of the District's deposits was (\$36,505). The bank balance of deposits was \$220,775 and of the bank balance, \$117,670 was covered by federal depository insurance. The remaining amounts were uninsured and uncollateralized as defined by GASB. Although the securities were held by the pledging financial institutions' trust department in the School District's name and all statutory requirements for the investment of the money had been followed, noncompliance with the federal requirements would potentially subject the money held in the School District's name to a successful claim by the FDIC.

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 insured, registered, or held by the District or its agent in the District's name.

CATEGORY 2 includes uninsured and unregistered investments held by the counterparty's trust department or agent in the District's name.

CATEGORY 3 includes uninsured and unregistered investments held by the counterparty, or by its trust department or agent, but not in the District's name.

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Based on the above criteria, the District's investments at year-end are classified as follows:

<u>INVESTMENTS</u>	<u>RISK CATEGORY</u>	<u>CARRYING VALUE/ FAIR VALUE</u>
Star Ohio	N/A	\$3,303,472
Repurchase Agreements	3	\$ 264,108

The School District's investment in STAROhio, an investment pool operated by the Ohio State Treasurer, is not classified investment since it is not evidenced by securities that exist in physical or book entry form.

For purposes of The Statement of Cash Flows (GASB Statement No. 9) all highly liquid investments with a maturity of three months or less when acquired, are considered to be cash equivalents and are included under the headings "Equity in pooled cash and investments" or "Restricted equity in pooled cash and investments".

4. PROPERTY TAXES

The assessed value, by property classification, upon which taxes collected in 2001 were based, is as follows:

Tangible Personal	\$4,343,450
Public Utility and Real Estate	182,173,410
Total Assessed Property Value	\$186,516,860

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the school district. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes have been assessed on real property at 35 percent of true value and on tangible personal property at 88 percent of true value (with certain exceptions). Effective tax year 2001, legislation enacted by the State of Ohio will lower the assessment rate on gas utility company personal tangible property and electric utility company personal property (transmission and distribution

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equipment excepted) from 88% to 25%. This legislation, which will begin affecting revenues in January 2002, also guarantees that the state will replace school district tax revenue losses associated with these reductions (in the form of State school funding formula adjustments and distributions from a proposed electric consumption tax) for at least five years. Revenue replacement will be based on 1998 valuations and tax rates.

Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value. Effective tax year 2001, legislation (HB 283) enacted by the State of Ohio will gradually reduce the assessment rate on the inventory component of personal property from 25% to 0% by year 2025. Taxation on business equipment is not affected by this legislation. This legislation does not provide a replacement funding mechanism for the lost revenue.

Real property taxes are payable annually or semi-annually. If paid annually, payment was due by January 20. If paid semi-annually, the first payment (at least one-half of amount billed) was due January 20, with the remainder due on June 20. Under certain circumstances, state statute permits alternate payment dates to be established. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30, if paid semi-annually, the first payment is due April 30 with the remainder payable by September 30.

The Hamilton County Auditor remits portions of the taxes collected with periodic settlements of Real and Public Utility property taxes in February and August and Tangible Personal Property Taxes in June and October to all taxing districts.

The School District receives property taxes from Hamilton County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2001 are available to finance fiscal year 2002 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes, which became measurable as of June 30, 2001. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations.

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For Fiscal Year Ended June 30, 2001
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5. RECEIVABLES

Receivables at June 30, 2001, consisted of taxes and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the principal items of receivables follows:

<u>Receivables</u>	<u>Amounts</u>
General Fund	\$6,029,003
Special Revenue Funds	2,792
Debt Service Fund	657,575
Permanent Improvement Fund	<u>221,435</u>
Total Taxes and Intergovernmental Receivables	<u>\$ 6,910,805</u>

6. FIXED ASSETS

A summary of the General Fixed Assets Account Group at year-end follows:

<u>Class</u>	<u>7-01-00</u>	<u>Additions</u>	<u>Deletions</u>	<u>6-30-01</u>
Land	\$ 732,202	\$ 0	\$ 0	\$ 732,202
Buildings	8,890,416	4,130,005	(1,629,282)	11,391,139
Equipment	6,799,973	506,602	(306,639)	6,999,936
C.I.P.	<u>4,130,005</u>	<u>0</u>	<u>(4,130,005)</u>	<u>0</u>
Totals	<u>\$20,552,596</u>	<u>\$ 4,636,607</u>	<u>\$(6,065,926)</u>	<u>\$19,123,277</u>

A summary of the Proprietary Fund fixed assets at year-end follows:

Equipment	\$257,301
Less: Accumulated Depreciation	<u>(161,853)</u>
Net Fixed Assets	<u>\$95,448</u>

7. CHANGES IN THE GENERAL LONG-TERM OBLIGATIONS ACCOUNT GROUP

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NOTES TO THE FINANCIAL STATEMENTS
For Fiscal Year Ended June 30, 2001
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During the year ended June 30, 2001, the following changes occurred in debt reported in the General Long-Term Obligations Account Group:

	Balance Beginning of Year	Increase	Decrease	Balance End of Year
Arbitrage Rebate Payable	\$ 175,355	\$ 4,187	\$ 0	\$ 179,542
Accrued Wages & Benefits	109,385	5,065	0	114,450
General Obligation Bonds Payable	8,405,000	0	(165,000)	8,240,000
Compensated Absences Payable	<u>1,079,944</u>	<u>0</u>	<u>(167,563)</u>	<u>912,381</u>
TOTAL	<u>\$ 9,769,684</u>	<u>\$ 9,252</u>	<u>(\$332,563)</u>	<u>\$ 9,446,373</u>

The arbitrage rebate payable will be paid out of the building fund investment earnings credited to the building fund. The accrued wages and benefits represents contractually required pension contributions paid outside the available period and will be paid from the fund from which the person is paid. The general obligation bonds will be paid from the debt service fund. Compensated absences will be paid from the fund from which the person is paid.

8. DEBT OBLIGATIONS

All current obligation bonds outstanding, issued to provide funds for the acquisition of equipment and facilities, are general obligations of the district for which the full faith and credit of the district is pledged for repayment. Accordingly, such unmatured obligations of the district are accounted for in the General Long-Term Obligation Account Group. Payments of principal and interest relating to these liabilities are recorded as expenditures in the Debt Service Fund. Interest payments are made in June and December of each year. Principal payments are made in December only. The source of payment is derived from debt tax issue proceeds.

The district issued \$8,710,000 in General Obligation School Improvement Bonds (Series 1997) during the fiscal year ended June 30, 1997. The bonds were issued for the purpose of retiring Bond Anticipation Notes originally issued December 19, 1996 and January 16, 1997, for the purpose of new construction, improvements, renovations and additions to school facilities.

FINNEYTOWN LOCAL SCHOOL DISTRICT
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NOTES TO THE FINANCIAL STATEMENTS
For Fiscal Year Ended June 30, 2001
(Continued)

- A. The following is a description of the all general obligation bonds outstanding for the District as of year end:

<u>Issue</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance 6/30/00</u>	<u>Retired 2001</u>	<u>Balance 6/30/01</u>
Series 1997	4.55%	4/97	12/00	165,000	165,000	0
Series 1997	4.65%	4/97	12/01	185,000	0	185,000
Series 1997	4.70%	4/97	12/02	210,000	0	210,000
Series 1997	4.80%	4/97	12/03	260,000	0	260,000
Series 1997	4.90%	4/97	12/04	275,000	0	275,000
Series 1997	4.95%	4/97	12/05	290,000	0	290,000
Series 1997	5.00%	4/97	12/06	145,000	0	145,000
Series 1997	5.15%	4/97	12/07	155,000	0	155,000
Series 1997	5.20%	4/97	12/08	165,000	0	165,000
Series 1997	5.30%	4/97	12/09	200,000	0	200,000
Series 1997	6.05%	4/97	12/10	210,000	0	210,000
Series 1997	6.15%	4/97	12/11	225,000	0	225,000
Series 1997	6.25%	4/97	12/12	265,000	0	265,000
Series 1997	6.20%	4/97	12/17	1,695,000	0	1,695,000
Series 1997	5.80%	4/97	12/24	<u>3,960,000</u>	<u>0</u>	<u>3,960,000</u>
TOTAL				<u>\$8,405,000</u>	<u>\$165,000</u>	<u>\$8,240,000</u>

- B. The District's voted legal debt margin was \$16,786,517, with an unvoted debt margin of \$186,517 at June 30, 2001. The following is a summary of the District's future annual debt service requirements to maturity for general obligation bonds:

<u>Year Ending June 30</u>	<u>Principal on General Obligation Bonds</u>	<u>Interest on General Obligation Bonds</u>	<u>Total</u>
2002	185,000	466,769	651,769
2003	210,000	457,532	667,532
2004	260,000	446,357	706,357
2005	275,000	433,380	708,380
2006 & thereafter	<u>7,310,000</u>	<u>5,381,144</u>	<u>12,691,144</u>
Totals	<u>\$ 8,240,000</u>	<u>\$ 7,185,182</u>	<u>\$ 15,425,182</u>

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(Continued)

9. CONTRACTUAL COMMITMENTS

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

<u>Company</u>	<u>Project</u>	<u>Amount Remaining On Contract</u>
Charles Randolph Company	Cottonwood Phase II	\$ 5,000
O.K.I. Window Company	High School Phase I	24,469
Ardalan Inc.	Whitaker Elementary	13,596
W. Betz & Associates	Whitaker Elementary	<u>388</u>
	Total	<u>\$ 43,453</u>

10. 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 current year-end.

	<u>Food Services</u>	<u>Uniform School Supply</u>	<u>Total</u>
Operating Revenue	303,867	67,984	371,851
Operating Expense before Depreciation	357,758	73,971	431,724
Depreciation	7,251	0	7,251
Operating Income (Loss)	(61,137)	(5,987)	(67,124)
Donated Commodities	17,746	0	17,746
Operating Grants	80,461	0	80,461
Investment Revenue	1,883	0	1,883
Net Income (Loss)	63,953	(5,987)	57,966
Net Working Capital	(8,279)	34,089	25,810
Total Assets	120,531	37,538	158,069

FINNEYTOWN LOCAL SCHOOL DISTRICT
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
For Fiscal Year Ended June 30, 2001
(Continued)

Total Liabilities	35,125	3,449	38,574
Total Equity	85,406	34,089	119,495

11. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The Finneytown Local 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 per Chapter 3309 of the Ohio Revised Code. The School Employees Retirement System issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the SERS, 45 N. Fourth Street, Columbus, Ohio 43215-3634 or by calling (614) 222-5853.

Plan members are required to contribute 9% of their annual covered salary and the Finneytown Local School District is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The school district's contributions to SERS for the years ended June 30, 2001, 2000 and 1999 were \$340,104, \$311,376 and \$285,696, respectively, equal to the required contributions for each year. The unpaid contribution for fiscal year 2001 is \$173,940 and is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The Finneytown Local School District contributes to the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS Ohio 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 Ohio issues a publicly available, stand-alone financial report. That report may be obtained by writing to the STRS Ohio, 275 E. Broad Street, Columbus, Ohio 43215-3371, or by calling (614) 227-4090.

FINNEYTOWN LOCAL SCHOOL DISTRICT
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
For Fiscal Year Ended June 30, 2001
(Continued)

Plan members are required to contribute 9.3% of their annual covered salary and the district is required to contribute 14%. Contribution rates are established by STRS Ohio, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The district's contributions to STRS Ohio for the years ending June 30, 2001, 2000 and 1999 were \$981,360, \$949,284 and \$884,316 respectively; 83.53% has been contributed for fiscal year 2001 and 100% for fiscal year 2000 and 1999. The unpaid contribution for fiscal year 2001 is \$161,668 and is recorded as a liability within the respective funds.

12. POSTEMPLOYMENT BENEFITS

The Finneytown Local School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs, and partial 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.

For STRS Ohio, most benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS Ohio funds shall be included in the employer contribution rate, currently 14% of covered payroll. The Retirement Board allocates employer contributions to the Health Care Reserve Fund from which health care benefits are paid. For the fiscal year ended June 30, 2000, the board allocated employer contributions equal to 8% of covered payroll to the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$3.419 billion on June 30, 2000. The Health Care Reserve Fund allocation for the year ended June 30, 2001, and after will be 4.5% of covered payroll. For the fiscal year ended June 30, 2000, net health care costs paid by STRS Ohio were \$283,137,000. The number of eligible benefit recipients totaled 99,011.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, disability, and survivor benefits 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% of the premium.

FINNEYTOWN LOCAL SCHOOL DISTRICT
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
For Fiscal Year Ended June 30, 2001
(Continued)

For fiscal year 2000, employer contributions to fund health care benefits were 8.45% 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 2000, the minimum pay has been established at \$12,400.

The surcharge added to the unallocated portion of the 14% 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% of annual health care expenses. For the fiscal year ended June 30, 2000, net health care costs paid by SERS were \$140,696,340 and the target level was \$211.0 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. The number of eligible participants currently receiving health care benefits is approximately 50,000. For the Finneytown Local School District, the amount to fund health care benefits including the surcharge equaled \$238,442 during the 2001 fiscal year.

13. BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, 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 is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget (Non-GAAP Basis) and Actual, All Governmental Fund Types are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are:

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

A reconciliation of the nature and amounts of the adjustments necessary to convert the GAAP financial statements to the budgetary basis follows:

FINNEYTOWN LOCAL SCHOOL DISTRICT
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
For Fiscal Year Ended June 30, 2001
(Continued)

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

<u>Governmental Fund Types</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>
GAAP Basis	\$ (670,255)	\$ 50,252	\$ 56,385	\$ (140,163)
Net Adjustment for Revenue Accruals	292,780	0	27,400	9,000
Net Adjustment for Expenditure Accruals	152,607	(12,955)	0	(100,304)
Adjustment for Encumbrances	<u>0</u>	<u>(326,069)</u>	<u>0</u>	<u>(364,517)</u>
Budgetary Basis	<u>\$ (224,868)</u>	<u>\$ (288,772)</u>	<u>\$ 83,785</u>	<u>\$ (595,984)</u>

14. COMPLIANCE AND ACCOUNTABILITY

State statute 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.

15. CONTINGENT LIABILITIES

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

Lawsuits - The district is a defendant in a lawsuit. Although the outcome of this lawsuit is not presently determinable, based upon discussions with the district's legal counsel, district management has made the determination that resolution of this matter will not have a material adverse effect on the financial condition of the district.

FINNEYTOWN LOCAL SCHOOL DISTRICT
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
For Fiscal Year Ended June 30, 2001
(Continued)

16. JOINTLY GOVERNED ORGANIZATIONS

Hamilton/Clermont Cooperative Association (HCCA) - The Finneytown Local School District is a participant in the Hamilton/Clermont Cooperative Association (HCCA), which is a computer consortium. HCCA is an association of 24 public school districts. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The Board of H/CCA consists of one representative from each of the participating members. The district paid \$19,457 for services provided during the fiscal year. Financial information can be obtained from H/CCA's administrative office, 7615 Harrison Avenue, Cincinnati, Ohio 45231.

Great Oaks Joint Vocational School - The Great Oaks Joint Vocational School, a jointly governed organization, is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from each of the participating school districts' elected board. The Board possesses its own budgeting and taxing authority as a separate body politic and corporate, established by the Ohio Revised Code. The school district has neither ongoing financial interest in nor responsibility for the Joint Vocation School. To obtain financial information, write to the Treasurer's Office, Great Oaks Joint Vocational School District, 3254 E. Kemper Road, Cincinnati, Ohio 45241.

17. PUBLIC ENTITY RISK POOLS

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of 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.

18. RISK MANAGEMENT

The school district is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2001, the school district contracted with Indiana Insurance Company for building, personal property and fleet insurance and with

FINNEYTOWN LOCAL SCHOOL DISTRICT
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
For Fiscal Year Ended June 30, 2001
(Continued)

Hartford Insurance Company for boiler insurance. All coverage is calculated using a 100% replacement cost value. The School District also contracted, during fiscal year 2001, with Nationwide Insurance Company for liability insurance. Coverages provided are as follows:

Building and Personal Property (\$1,000 deductible)	\$ 43,950,700
Boilers (\$1,000 deductible)	
Band Uniforms/Music Instruments (\$500 deductible)	
Tractors (2) (\$100 deductible)	
Computer Equipment (\$250 deductible)	
Camera Equipment (\$100 deductible)	
Fleet Insurance	
Single Limited Liability	\$ 1,000,000
Medical Payments	5,000
Hired/Non-Owned Auto	1,000,000
Comprehensive (\$250 deductible)	
Collision (\$500 deductible)	
General Liability Insurance	
Per claim	\$ 1,000,000
Annual aggregate	5,000,000
Legal Fee/Work Assignments coverage	50,000

The district has elected to provide employee medical, dental and life insurance and accidental death and dismemberment insurance to eligible employees through the Greater Cincinnati Insurance Consortium. The employees share the cost of the monthly premium for the coverage with the Board.

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

19. UNCERTAINTIES

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

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school

FINNEYTOWN LOCAL SCHOOL DISTRICT
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
For Fiscal Year Ended June 30, 2001
(Continued)

districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.

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

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

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of December 18, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

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

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

20. CHANGES IN ACCOUNTING PRINCIPLES

For fiscal year 2001, the Finneytown Local School District has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions." At June 30, 2001, there was no effect on fund balance as a result of implementing GASB 33.

21. PRIOR PERIOD ADJUSTMENTS

The district has adjusted the beginning fixed asset balance of the general fixed asset account group as appearing in Note 6 of the general purpose financial statements for corrections to the fixed asset detail as follows:

FINNEYTOWN LOCAL SCHOOL DISTRICT
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
For Fiscal Year Ended June 30, 2001
(Continued)

	General Fixed Assets Account Group
Balance previously stated, June 30, 2000	\$22,920,374
Prior period adjustment	<u>(2,367,778)</u>
As restated, July 1, 2000	<u>\$20,552,596</u>

22. STATUTORY RESERVES

Senate Bill 345 eliminated the Budget Stabilization Reserve. The current year set-aside requirement for the Reserve is from a Bureau of Workers' Compensation refund received prior to April 10, 2001. During the fiscal year ended June 30, 2001, the reserve activity (cash-basis) was as follows:

	Textbook Reserve	Capital Maintenance Reserve	Budget Stabilization Reserve	Total
Set-aside Cash Balance as of June 30, 2000	\$ 0	\$ 0	\$ 169,960	\$ 169,960
Current Year Set-aside Requirement	262,476	262,476	0	524,952
Reduction Authorized by Legislative Restrictions	0	0	(103,451)	(103,451)
Current Year Offsets	0	(251,358)	0	(251,358)
Qualifying Expenditures	<u>(357,841)</u>	<u>(207,182)</u>	<u>0</u>	<u>(565,023)</u>
Total	<u>\$ (95,365)</u>	<u>\$ (196,064)</u>	<u>\$ 66,509</u>	
Cash Balance Carried Forward to FY 2002	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 66,509</u>	<u>\$ 66,509</u>
Cumulative Surplus Spending Credit Carried Forward to FY 2002	<u>\$ 162,231</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

FINNEYTOWN LOCAL SCHOOL DISTRICT
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
For Fiscal Year Ended June 30, 2001
(Continued)

Offsets/expenditures for textbook activity during the year totaled \$357,841, which exceeded the required set-aside and the reserve balance. The \$162,231 surplus may be carried forward to reduce the amount of the required set-aside in succeeding fiscal years.

Offsets/expenditures for capital activity during the year totaled \$458,540, which exceeded the required set-aside and the reserve balance.

**FINNEYTOWN LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed through the Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution	03-PU	10.550	\$0	\$17,746	\$0	\$17,496
National School Lunch Program	04-PU	10.555	84,626	0	84,626	0
Total U.S. Department of Agriculture - Nutrition Cluster			84,626	17,746	84,626	17,496
U.S. DEPARTMENT OF EDUCATION						
<i>Passed through the Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States (IDEA Part B)	6B-SF	84.027	105,092	0	104,842	0
Special Education - Preschool Grants	PG-S1	84.173	8,885	0	8,885	0
Total Special Education Cluster			113,977	0	113,727	0
Grants to Local Educational Agencies (ESEA Title I)	C1-S1	84.010	168,963	0	157,475	0
Innovative Education Program Strategies	C2-S1	84.298	19,879	0	26,240	0
Safe and Drug-Free Schools and Communities State Grants	DR-S1	84.186	28,828	0	23,358	0
Goals 2000 State and Local Education Systemic Improvement	G2-S2	84.276	(627)	0	9,622	0
Eisenhower Prof. Dev. State Grant	MS-S1	84.281	5,377	0	0	0
Class Size Reduction	CR-S1	84.340	19,788	0	19,327	0
<i>Passed through Great Oaks Institute of Technology and Career Development:</i>						
Vocational Education - Basic Grants to State		84.048	4,185	0	3,387	0
Total Department of Education			246,393	0	239,409	0
Totals			\$444,996	\$17,746	\$437,762	\$17,496

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

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OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Finneytown Local School District
Hamilton County
8916 Fountainbleau Terrace
Cincinnati, Ohio 45231

To the Board of Education:

We have audited the financial statements of Finneytown Local School District, Hamilton County, Ohio (the District) as of and for the year ended June 30, 2001, and have issued our report thereon dated December 18, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 18, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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.

Finneytown Local School District
Hamilton County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

Jim Petro
Auditor of State

December 18, 2001



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

Finneytown Local School District
Hamilton County
8916 Fountainbleau Terrace
Cincinnati, Ohio 45231

To the Board of Education:

Compliance

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

We conducted our audit of compliance in accordance with auditing standard 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 fiscal year ended June 30, 2001.

Internal Control Over Compliance

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

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

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

Jim Petro
Auditor of State

December 18, 2001

**FINNEYTOWN LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



STATE OF OHIO
OFFICE OF THE AUDITOR

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FINNEYTOWN LOCAL SCHOOL DISTRICT

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 15, 2002**