

GENERAL PURPOSE FINANCIAL STATEMENTS

**of the
Hamilton Local School District
for the
Fiscal Year Ended June 30, 2000**

**Prepared By
Treasurer's Department
Scott Osborne, Treasurer**

4999 Lockbourne Road

Columbus, Ohio 43207



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Education
Hamilton Local School District
Columbus, Ohio

We have reviewed the Independent Auditor's Report of the Hamilton Local School District, Franklin County, prepared by Jones, Cochenour & Co., for the audit period July 1, 1999 to June 30, 2000. 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 Hamilton Local School District is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

May 29, 2001

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**Hamilton Local School District
General Purpose Financial Statements
Year Ended June 30, 2000**

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Hamilton Local School Board of Education

List of Principal Officials

June 30, 2000

BOARD OF EDUCATION	
Scott Parks	President
Ed Tucker	Vice President
Sandra Bloom	Member
Randy Ruppert.....	Member
David Schutte	Member

TREASURER
Scott Osborne

ADMINISTRATION	
Bill Wittman.....	Superintendent
Robert Crable	Hamilton Township High School Principal
Philip Machcinski	Hamilton Middle School Principal
Sally Stewart.....	Hamilton Central Elementary School Principal
Deborah Haptonstall	Hamilton South Elementary Principal

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INDEPENDENT AUDITORS' REPORT

Board of Education
Hamilton Local School District
Columbus, Ohio

We have audited the accompanying general purpose financial statements of Hamilton Local School District as of and for the year ended June 30, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of Hamilton Local School 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 generally accepted auditing standards 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 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 aspects, the financial position of Hamilton Local School District, as of June 30, 2000, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2001 on our consideration of Hamilton Local School 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.

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

Jones, Cochenour & Co.
February 23, 2001

**Hamilton Local School District
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2000**

	Governmental Fund Types				Proprietary Fund Types			Fiduciary Fund Types			Account Groups		Totals
	General	Special	Debt		Capital	Enterprise	Internal	Trust and	Agency	Fixed Assets	General	Long Term Debt	2000 (Memorandum)
			Revenue	Service									
Assets and Other Debits:													
Equity in Pooled Cash and Investments	\$1,002,069	43,975	0	0	0	0	496,479	297,638	0	0	0	0	\$1,840,161
Restricted Assets	469,593	0	0	0	0	0	0	0	0	0	0	0	469,593
Taxes Receivable	7,169,040	0	150,890	0	0	0	0	0	0	0	0	0	7,319,930
Interfund Receivable	928,367	0	0	0	0	0	0	0	0	0	0	0	928,367
Due from Other Funds	0	0	0	0	0	0	0	250,992	0	0	0	0	250,992
Intergovernmental Receivables	700	0	0	6,065	0	0	0	0	0	0	0	0	6,765
Accounts Receivable	82,577	9,224	0	0	18	0	0	444	0	0	0	0	92,263
Inventory	0	0	0	0	0	2,285	0	0	0	0	0	0	2,285
Inventory for Resale	0	0	0	0	0	22,849	0	0	0	0	0	0	22,849
Net Property, Plant & Equipment	0	0	0	0	0	57,662	0	0	13,654,422	0	0	0	13,712,084
Amount to be Provided for Retirement of General Long Term Debt	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Assets and Other Debits	\$9,852,346	53,199	150,890	6,065	82,614	496,479	549,074	2,397,048	13,654,422	2,397,048	2,397,048	\$27,042,337	

See Accompanying Notes to the General Purpose Financial Statements

**Hamilton Local School District
Combined Balance Sheet
All Fund Types and Account Groups, Continued
June 30, 2000**

	Governmental Fund Types				Proprietary Fund Types			Fiduciary Fund Types			Account Groups		Totals
	General	Special	Debt	Service	Enterprise	Internal	Agency	Trust and	General	Fixed Assets	Long Term Debt	(Memorandum)	2000 (Only)
		Revenue	Capital	Project		Service		Agency					
Liabilities:													
Interfund Payable	\$0	558,165	0	183,992	183,587	0	2,623	0	0	0	0	0	\$928,367
Due to Other Funds	242,863	324	0	0	7,805	0	0	0	0	0	0	0	250,992
Intergovernmental Payable	10,583	818	0	0	386	0	462,058	0	104,414	0	0	0	578,259
Accounts Payable	203,667	37,957	0	0	375	4,576	1,691	0	0	0	0	0	248,266
Accrued Salaries and Benefits	1,283,101	62,163	0	0	56,134	0	0	0	0	0	0	0	1,381,398
Deferred Revenue	6,408,425	0	134,892	0	9,851	0	0	0	0	0	0	0	6,553,168
Due to Others	0	0	0	0	0	0	57,950	0	0	0	0	0	57,950
General Obligation Bonds Payable	0	0	0	0	0	0	0	0	1,510,000	0	0	0	1,510,000
Compensated Absences Payable	73,389	0	0	0	29,374	0	0	0	762,634	0	0	0	865,397
Total Liabilities	8,202,028	659,427	134,892	183,992	287,512	4,576	524,322	0	2,397,048	0	0	0	12,393,797
Fund Equity and Other Credits:													
Investment in General Fixed Assets	0	0	0	0	0	0	0	0	13,654,422	0	0	0	13,654,422
Retained Earnings	0	0	0	0	(204,698)	491,903	0	0	0	0	0	0	287,205
Fund Balances:													
Reserved for Encumbrances	653,985	26,316	0	51,342	0	0	522	0	0	0	0	0	732,165
Reserved for Budget Stabilization	489,593	0	0	0	0	0	0	0	0	0	0	0	489,593
Reserved for Future Appropriation	760,615	0	15,998	0	0	0	0	0	0	0	0	0	776,613
Unreserved Fund Balance	(433,875)	(632,544)	0	(229,269)	0	0	24,230	0	0	0	0	0	(1,271,458)
Total Fund Equity	1,450,318	(606,228)	15,998	(177,927)	0	0	24,752	0	0	0	0	0	706,913
Total Fund Balances/Retained Earnings and Other Credits	1,450,318	(606,228)	15,998	(177,927)	(204,698)	491,903	24,752	13,654,422	0	0	0	0	14,648,540
Total Liabilities, Fund Equity, and Other Credits	\$9,652,346	53,199	150,890	6,065	82,814	496,479	549,074	13,654,422	2,397,048	0	0	0	\$27,042,337

See Accompanying Notes to the General Purpose Financial Statements

Hamilton Local School District
Combined Statement of Revenues, Expenditures, and Changes in Fund Balance
All Governmental Fund Types and Similar Fiduciary Fund Types
Year Ended June 30, 2000

	Governmental Fund Types				Fiduciary	Totals
	General	Special Revenue	Debt Service	Capital Project	Fund Types Expendable Trust	(Memorandum) (Only)
REVENUES:						
Taxes	\$6,079,580	0	129,500	0	0	\$6,209,080
Tuition	41,828	0	0	0	0	41,828
Earnings on Investments	239,159	0	0	0	0	239,159
Extracurricular Activities	0	123,738	0	0	0	123,738
Miscellaneous	82,075	44,281	0	0	53,775	180,131
Revenue from State Sources						
Unrestricted Grants-in-Aid	8,436,483	28,588	11,796	0	0	8,476,867
Restricted Grants-in-Aid	38,376	31,569	0	326,563	0	396,508
Revenue from Federal Sources						
Unrestricted Grants-in-Aid	0	7,348	0	0	0	7,348
Restricted Grants-in-Aid	0	345,250	0	0	0	345,250
Total Revenue	14,917,501	580,774	141,296	326,563	53,775	16,019,909
EXPENDITURES:						
Instruction						
Regular	6,602,488	59,216	0	65,989	0	6,727,693
Special	1,121,746	315,726	0	0	0	1,437,472
Vocational	444,003	0	0	0	0	444,003
Adult/Continuing Instruction	1,449	0	0	0	0	1,449
Other	392,987	0	0	0	0	392,987
Supporting Services						
Pupils	662,926	18,391	0	0	0	681,317
Instructional Staff	482,367	350	0	0	0	482,717
Board of Education	266,349	0	0	0	0	266,349
Administration	1,241,352	172,996	0	0	58,793	1,473,141
Fiscal Services	1,106,063	5,772	567	0	0	1,112,402
Business	34,798	0	0	0	0	34,798
Operation & Maintenance-Plant	2,078,553	0	0	341,036	0	2,419,589
Pupil Transportation	789,846	0	0	0	0	789,846
Central	27,662	10,224	0	0	0	37,886
Operation of Non-Instructional Services						
Community Service	0	15,050	0	0	0	15,050
Extracurricular Activities						
Academic & Subject Oriented	62,377	11,657	0	0	0	74,034
Occupation & Co-Curricular Activities	5,207	32,809	0	0	0	38,016
Sports Oriented	248,067	206,674	0	0	0	454,741
Debt Service						
Repayment of Debt	0	0	342,406	0	0	342,406
Total Expenditures	15,568,240	848,865	342,973	407,025	58,793	17,225,896
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	(650,739)	(268,091)	(201,677)	(80,462)	(5,018)	(1,205,987)
Other Financing Sources and Uses:						
Other Financing Sources						
Transfers-In	163,950	0	194,578	0	0	358,528
Other Revenue	4,854	0	0	0	0	4,854
Other Financing Uses						
Transfer-Out	(278,892)	0	0	(163,950)	0	(442,842)
Net Other Financing Sources and Uses	(110,088)	0	194,578	(163,950)	0	(79,460)
Excess (Deficiency) of Revenues and Other Sources Over Expenditure						
Disbursement and Other Uses	(760,827)	(268,091)	(7,099)	(244,412)	(5,018)	(1,285,447)
Beginning Fund Balance	2,211,145	(338,137)	23,097	66,485	29,770	1,992,360
Ending Fund Balance	\$1,450,318	(606,228)	15,998	(177,927)	24,752	\$706,913

See Accompanying Notes to the General Purpose Financial Statements

Hamilton Local School District
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
All Governmental Fund Types and Similar Fiduciary Fund Types
Year Ended June 30, 2000

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$6,207,081	6,422,551	215,470	0	0	\$0
Tuition	80,000	41,768	(38,232)	0	0	0
Earnings on Investment	350,000	237,217	(112,783)	0	0	0
Extracurricular Activities	0	0	0	250,000	123,094	(126,906)
Miscellaneous	300,000	92,818	(207,182)	25,200	36,009	10,809
State Unrestricted Grants-in-Aid	9,367,128	8,436,483	(930,645)	28,588	28,588	0
State Restricted Grants-in-Aid	152,000	38,126	(113,874)	562,630	31,569	(531,061)
Federal Unrestricted Grants-in-Aid	0	0	0	7,348	7,348	0
Federal Restricted Grants-in-Aid	0	0	0	549,152	347,675	(201,477)
Total Revenue	16,456,209	15,268,963	(1,187,246)	1,422,918	574,283	(848,635)
Expenditures:						
Regular Instruction	7,641,185	7,204,934	436,251	679,222	81,328	597,894
Special Instruction	1,134,034	1,070,518	63,516	0	320,280	(320,280)
Vocational Instruction	407,476	434,829	(27,353)	0	0	0
Adult/Continuing Instruction	0	1,208	(1,208)	0	0	0
Other Instruction	413,607	373,449	40,158	0	0	0
Support Services-Pupils	802,788	717,287	85,501	0	16,611	(16,611)
Support Services-Instructional Staff	581,923	475,002	106,921	5,261	350	4,911
Support Services-Board of Education	578,759	517,162	61,597	0	0	0
Support Services-Administration	1,435,476	1,277,525	157,951	295,639	166,410	129,229
Fiscal Services	1,371,050	1,161,735	209,315	0	5,772	(5,772)
Support Services-Business	65,003	35,878	29,125	0	0	0
Operation & Maintenance-Plant	2,283,406	2,413,995	(130,589)	0	0	0
Support Services-Transportation	1,079,143	889,688	189,455	0	0	0
Support Services-Central	96,956	26,849	70,107	123,660	10,224	113,436
Community Services	0	0	0	119,741	17,000	102,741
Academic & Subject Oriented	39,934	55,682	(15,748)	24,045	10,691	13,354
Occupation Oriented Activities	0	0	0	69,643	36,536	33,107
Sports Oriented	286,453	245,104	41,349	389,267	184,791	204,476
Co-Curricular Activities	12,726	0	12,726	0	0	0
Repayment of Debt	0	0	0	0	0	0
Total Expenditures	18,229,919	16,900,845	1,329,074	1,706,478	849,993	856,485
Excess of Revenue Over (Under) Expenditures	(1,773,710)	(1,631,882)	141,828	(283,560)	(275,710)	7,850
Other Financing Sources (Uses):						
Transfers-In	0	1,725,950	1,725,950	0	0	0
Advances-In	0	0	0	0	81,062	81,062
Refund of Prior Years Expenditures/Receipts	0	3,893	3,893	0	0	0
Transfers-Out	(100,000)	(1,902,909)	(1,802,909)	0	0	0
Advances-Out	(200,000)	(81,062)	118,938	0	0	0
Total Other Sources (Uses)	(300,000)	(254,128)	45,872	0	81,062	81,062
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,073,710)	(1,886,010)	187,700	(283,560)	(194,648)	88,912
Beginning Fund Balance	1,919,831	1,919,831	0	79,534	79,534	0
Prior Year Carry Over Encumbrances	765,585	765,585	0	119,990	119,990	0
Ending Fund Balance	\$611,706	799,406	187,700	(84,036)	4,876	\$88,912

Hamilton Local School District
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
All Governmental Fund Types and Similar Fiduciary Fund Types- Continued
Year Ended June 30, 2000

	Debt Service Funds			Capital Project Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$126,334	136,599	10,265	0	0	\$0
Tuition	0	0	0	0	0	0
Earnings on Investment	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Miscellaneous	206,870	0	(206,870)	0	0	0
State Unrestricted Grants-in-Aid	11,796	11,796	0	0	0	0
State Restricted Grants-in-Aid	0	0	0	96,930	320,498	223,568
Federal Unrestricted Grants-in-Aid	0	0	0	0	0	0
Federal Restricted Grants-in-Aid	0	0	0	0	0	0
Total Revenue	345,000	148,395	(196,605)	96,930	320,498	223,568
Expenditures:						
Regular Instruction	0	0	0	0	134,539	(134,539)
Special Instruction	0	0	0	0	0	0
Vocational Instruction	0	0	0	0	0	0
Adult/Continuing Instruction	0	0	0	0	0	0
Other Instruction	0	0	0	0	0	0
Support Services-Pupils	0	0	0	0	0	0
Support Services-Instructional Staff	0	0	0	0	0	0
Support Services-Board of Education	0	0	0	0	0	0
Support Services-Administration	0	0	0	0	0	0
Fiscal Services	617	567	50	0	0	0
Support Services-Business	0	0	0	0	0	0
Operation & Maintenance-Plant	0	0	0	0	341,037	(341,037)
Support Services-Transportation	0	0	0	0	0	0
Support Services-Central	0	0	0	0	0	0
Food Services Operations	0	0	0	0	0	0
Academic & Subject Oriented	0	0	0	0	0	0
Occupation Oriented Activities	0	0	0	0	0	0
Sports Oriented	0	0	0	0	0	0
Co-Curricular Activities	0	0	0	0	0	0
Repayment of Debt	344,383	342,406	1,977	0	0	0
Total Expenditures	345,000	342,973	2,027	0	475,576	(475,576)
Excess of Revenue Over (Under) Expenditures	0	(194,578)	(194,578)	96,930	(155,078)	(252,008)
Other Financing Sources (Uses):						
Transfers-In	0	194,578	194,578	0	0	0
Advances-In	0	0	0	0	0	0
Refund of Prior Years Expenditures/Receipts	0	0	0	0	0	0
Transfers-Out	0	0	0	(101,933)	(101,933)	0
Advances-Out	0	0	0	0	0	0
Total Other Sources (Uses)	0	194,578	194,578	(101,933)	(101,933)	0
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses						
Beginning Fund Balance	0	0	0	63,183	63,183	0
Prior Year Carry Over Encumbrances	0	0	0	88,578	88,578	0
Ending Fund Balance	\$0	0	0	146,758	(105,250)	\$(252,008)

(Continued)

Hamilton Local School District
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
All Governmental Fund Types and Similar Fiduciary Fund Types - Continued
Year Ended June 30, 2000

	Expendable Trust Funds			Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$0	0	0	6,333,415	6,559,150	\$225,735
Tuition	0	0	0	80,000	41,768	(38,232)
Earnings on Investment	0	0	0	350,000	237,217	(112,783)
extracurricular Activities	0	0	0	250,000	123,094	(126,906)
Miscellaneous	35,000	53,775	18,775	567,070	182,602	(384,468)
State Unrestricted Grants-in-Aid	0	0	0	9,407,512	8,476,867	(930,645)
State Restricted Grants-in-Aid	0	0	0	811,560	390,193	(421,367)
Federal Unrestricted Grants-in-Aid	0	0	0	7,348	7,348	0
Federal Restricted Grants-in-Aid	0	0	0	549,152	347,675	(201,477)
Total Revenue	35,000	53,775	18,775	18,356,057	16,365,914	(1,990,143)
Expenditures:						
Regular Instruction			0	8,320,407	7,420,801	899,606
Special Instruction	0	0	0	1,134,034	1,390,798	(256,764)
Vocational Instruction	0	0	0	407,476	434,829	(27,353)
Adult/Continuing Instruction	0	0	0	0	1,208	(1,208)
Other Instruction	0	0	0	413,607	373,449	40,158
Support Services-Pupils	0	0	0	802,788	733,898	68,890
Support Services-Instructional Staff	0	0	0	587,184	475,352	111,832
Support Services-Board of Education	0	0	0	578,759	517,162	61,597
Support Services-Administration	61,000	59,314	1,686	1,792,115	1,503,249	288,866
Fiscal Services	0	0	0	1,371,667	1,168,074	203,593
Support Services-Business	0	0	0	65,003	35,878	29,125
Operation & Maintenance-Plant	0	0	0	2,283,406	2,755,032	(471,626)
Support Services-Transportation	0	0	0	1,079,143	889,688	189,455
Support Services-Central	0	0	0	220,616	37,073	183,543
Food Services Operations	0	0	0	119,741	17,000	102,741
Academic & Subject Oriented	0	0	0	63,979	66,373	(2,394)
Occupation Oriented Activities	0	0	0	69,643	36,536	33,107
Sports Oriented	0	0	0	675,720	429,895	245,825
Co-Curricular Activities	0	0	0	12,726	0	12,726
Repayment of Debt	0	0	0	344,383	342,406	1,977
Total Expenditures	61,000	59,314	1,686	20,342,397	18,628,701	1,713,696
Excess of Revenue Over (Under) Expenditures	(26,000)	(5,539)	20,461	(1,986,340)	(2,262,787)	(276,447)
Other Financing Sources (Uses):						
Transfers-In	0	0	0	0	1,920,528	1,920,528
Advances-In	0	0	0	0	81,062	81,062
Refund of Prior Years Expenditures/Receipts	0	0	0	0	3,893	3,893
Transfers-Out	0	0	0	(201,933)	(2,004,842)	(1,802,909)
Advances-Out	0	0	0	(200,000)	(81,062)	118,938
Total Other Sources (Uses)	0	0	0	(401,933)	(80,421)	321,512
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses						
Beginning Fund Balance	28,771	28,771	0	2,091,319	2,091,319	0
Prior Year Carry Over Encumbrances	1,000	1,000	0	975,153	975,153	0
Ending Fund Balance	\$3,771	24,232	20,461	678,199	723,264	\$45,065

See Accompanying Notes to the General Purpose Financial Statement

Hamilton Local School District
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings
All Proprietary Fund Types
Year Ended June 30, 2000

	Proprietary Fund Types		
	Enterprise Funds	Internal Service Funds	Totals (Memorandum) (Only)
Operating Revenues:			
Food Service	\$413,971	0	\$413,971
Classroom Materials & Fees	979	0	979
Total Operating Revenue	414,950	0	414,950
Operating Expenses:			
Personal Services - Salary	328,378	0	328,378
Employee Benefits	101,384	0	101,384
Purchased Services	3,701	4,576	8,277
Supplies and Materials	408,362	45	408,407
Depreciation	1,940	0	1,940
Total Operating Expenses	843,765	4,621	848,386
Operating Loss	(428,815)	(4,621)	(433,436)
Transfer In	84,314	0	84,314
Non-Operating Revenues:			
State Unrestricted Grants-In-Aid	11,546	0	11,546
State Restricted Grants-in-Aid	0	10,056	10,056
Federal Unrestricted Grants-in-Aid	184,270	0	184,270
Federal Restricted Grants-In-Aid	35,281	0	35,281
Total Non-Operating Revenues	231,097	10,056	241,153
Non-Operating Expenses:			
Loss on Disposal of Assets	(3,898)	0	(3,898)
Net Gain (Loss)	(117,302)	5,435	(111,867)
Retained Earnings at Beginning of Year	(87,396)	486,468	399,072
Retained Earnings at End of Year	\$(204,698)	491,903	\$287,205

See Accompanying Notes to the General Purpose Financial Statements

**Hamilton Local School District
 Combined Statement of Cash Flows
 All Proprietary Fund Types
 Year Ended June 30, 2000**

	Proprietary Fund Types		Totals (Memorandum) (Only)
	Enterprise Funds	Internal Service Funds	
Cash Flows from Operating Activities			
Operating Loss	\$(428,815)	(4,621)	\$(433,436)
Adjustment to Reconcile Operating Loss To Net Cash used in Operating Activities:			
Depreciation	1,940	0	1,940
Commodities	35,281	0	35,281
Net (Increase) Decrease in Assets:			
Accounts Receivable	212	0	212
Intergovernmental Receivable	29,898	0	29,898
Inventory	(1,837)	0	(1,837)
Net Increase (Decrease) in Liabilities:			
Interfund Payable	96,172	0	96,172
Accounts Payable	(2,470)	4,576	2,106
Due to Other Funds	7,805	0	7,805
Intergovernmental Payable	(19,402)	0	(19,402)
Accrued Wages and Benefits	6,837	0	6,837
Deferred Revenue	195	0	195
Compensated Absences	(2,966)	0	(2,966)
Total Adjustments	151,665	4,576	156,241
Net Cash Used in Operating Activities	(277,150)	(45)	(277,195)
Cash Flows from Noncapital Activities:			
Operating Grants from State Sources	11,546	10,056	21,602
Transfer In	84,314	0	84,314
Operating Grants from Federal Sources	184,270	0	184,270
Net Cash Provided by Noncapital Financing Sources	280,130	10,056	290,186
Cash Flows from Capital Financing Sources:			
Acquisition of Assets	(4,370)	0	(4,370)
Net Cash Used by Capital Financing Sources	(4,370)	0	(4,370)
Net Increase (Decrease) in Cash & Cash Equivalents	(1,390)	10,011	8,621
Cash and Cash Equivalents at Beginning of Year	1,390	486,468	487,858
Cash and Cash Equivalents at End of Year	\$0	496,479	\$496,479

See Accompanying Notes to the General Purpose Financial Statements

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Notes to the General Purpose Financial Statements
June 30, 2000

Note 1. Summary of Significant Accounting Policies

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

A. Reporting Entity

The District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The 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, 1999, was 2,663. The District employed 186 certified employees and 82 classified employees. The District is supervised by the Franklin County Educational Service Center, a separate entity.

The District provides regular, vocational and special instruction. The District also provides support services for the pupils, instructional staff, general and school administration, business and fiscal services, facilities acquisitions and construction services, operation and maintenance of plant, student transportation, food services, extracurricular activities and non-programmed services.

The accompanying general purpose financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include all organizations, activities and functions for which the District is financially accountable. This report includes all activities considered by management to be part of the District by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

Section 2100 indicates that the reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the primary government. A primary government also may be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's

Notes to the General Purpose Financial Statements
June 30, 2000

Note 1. Summary of Significant Accounting Policies (continued)

resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

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

B. Fund Accounting

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

Governmental Fund Types

Governmental funds are those through which most governmental functions typically are financed. Governmental Fund Types are accounted for on a flow of current financial resources measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Their operating statements present sources (revenues and other financing sources) and uses (expenditures and other financing uses) of "available spendable resources" during the period.

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

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

Debt Service Fund - This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Capital Project Funds - These funds are used to account for financial resources to be used for the acquisition or construction of major capital assets or facilities (other than those financed by proprietary and trust funds).

**Notes to the General Purpose Financial Statements
June 30, 2000**

Note 1. Summary of Significant Accounting Policies (continued)

Proprietary Fund Types

Proprietary funds are used to account for the District's ongoing activities which are similar to those found in the private sector. The following are the proprietary fund types:

Enterprise Funds - These funds are used to account for the operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (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 where it has been decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service Funds - These funds account for the financing of services provided by one department or agency to other departments or agencies of the District on a cost reimbursement basis.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. The following are the fiduciary fund types:

Expendable Trust Funds - These funds account for resources, including both principal and earnings, which must be expended according to the provision of a trust agreement. Expendable trust funds are accounted for in essentially the same manner as governmental funds.

Agency Funds - These funds are purely custodial and thus do not involve measurement of results of operations.

Account Groups

Account Groups are financial reporting devices to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not affect expendable available financial resources. The following are the account groups:

General Fixed Assets Account Group - This account group is used to account for all of the District's fixed assets other than those accounted for in the Proprietary funds.

General Long-Term Debt Account Group - This account group is used to account for all of the District's long-term obligations other than those accounted for in the Proprietary Funds.

Notes to the General Purpose Financial Statements
June 30, 2000

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus/Basis of Accounting

The modified accrual basis of accounting is followed for Governmental and Expendable Trust Funds. The measurement focus is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income determination. Under the basis of accounting:

- 1) Only current assets and current liabilities are generally included on their balance sheets.
- 2) Operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.
- 3) 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 year end.
 - a) Revenue accrued at the end of the year may include grants, fines, fees, interest and tuition.
 - b) Property taxes measurable as of June 30, 2000 and delinquent property taxes, whose availability is indeterminate, and are not intended to finance fiscal year 2000 operations, have been recorded as deferred revenues.
- 4) Expenditures are recognized in the period in which the fund liability is incurred with the following exceptions: general long term obligation principal and interest are reported only when due; the current costs of accumulated unpaid vacation and sick leave are reported in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

The Proprietary Funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. Pursuant to GASB Statement No. 20 *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the District follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

Agency fund assets and liabilities are recognized on the modified accrual basis of accounting.

D. Budget and Budgetary Accounting

All governmental and proprietary fund types are subject to annual expenditure budgets. The Board follows the procedures outlined below in establishing the expenditure budget data reported in the general purpose financial statements:

- 1) A Tax Budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by January 20 of each year, for the fiscal year commencing the following July 1st. The Board of Education normally adopts the Tax Budget at its regular board meeting in January.

Notes to the General Purpose Financial Statements
June 30, 2000

Note 1. Summary of Significant Accounting Policies (continued)

- 2) The County Budget Commission certifies its actions to the District by March 1st. As part of this certification, the District receives the Official Certificate of Estimated Resources which states the projected receipts of each fund. During the month of July, this Certificate is amended to include any unencumbered balances from the preceding fiscal year.
- 3) An annual appropriation measure must be passed by the Board of Education by October 1st of each year for the period July 1st to June 30th. Unencumbered appropriations lapse at year-end and the encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. The Board of Education usually adopts three month temporary appropriations at its regular board meeting in June. The Annual Appropriation Resolution is usually adopted at the October regular board meeting. The appropriation measure may be amended or supplemented during the year as new information becomes available. Individual building and/or departments may transfer funds within their budgets upon review and approval of the Board of Education. Appropriations may not exceed estimated resources and expenditures may not exceed appropriations in any fund at the fund level.
- 4) The District prepares its budget on a basis of accounting that differs from generally accepted accounting principles (GAAP). The actual results of operations are presented in the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual (Non-GAAP Basis)--All Governmental Fund Types and Similar Fiduciary Fund Types" in accordance with the budget basis of accounting.

The major differences between the budgetary basis of accounting and GAAP are that:

- a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- b) Expenditures are recorded when encumbered (budget basis) as opposed to when the liability is incurred (GAAP basis);
- c) Encumbrances are recorded as the equivalent of expenditures (budget basis) as opposed to a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund types (GAAP basis); and
- d) For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

Encumbrances - As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded as the equivalent of expenditures on the budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds.

Notes to the General Purpose Financial Statements
June 30, 2000

Note 1. Summary of Significant Accounting Policies (continued)

E. Cash and Investments

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 cash equivalents" on the combined balance sheet. During fiscal year 2000, investments were limited to repurchase agreements, certificates of deposit, treasury notes, federal agency securities and banker's acceptances.

Investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase are reported at cost or amortized cost. Except for investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at fair value which is based on quoted market prices.

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. For the District, all investment earnings accrue to the General Fund, as authorized by board resolution. Interest revenue credited during the fiscal year amounted to \$239,159.

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 District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

F. Taxes Receivable

The financial statements reflect taxes receivable as of June 30, 2000. GAAP permits the recognition of revenue from any property tax assessment in the fiscal period levied, provided the funds are "available." "Available" means then due, or past due and receivable within the current period or expected to be collected soon thereafter. While these taxes have been assessed, the majority are not due at June 30, 2000 and accordingly have been recorded as deferred revenue in the accompanying financial statements. Taxes that become delinquent remain recorded in deferred revenue until they are determined to be uncollectible.

G. Inventories

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventories are determined by physical count. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of the governmental fund type inventories are recorded as expenditures when purchased (purchase method) rather than when consumed. Reported inventories in these funds are equally offset by a fund balance reserve which indicates they are unavailable for appropriation.

Inventories of proprietary funds consist of donated food, purchased food, and general supplies, and are expended when used.

Notes to the General Purpose Financial Statements
June 30, 2000

Note 1. Summary of Significant Accounting Policies (continued)

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2000, are recognized under the nonallocation method. The nonallocation method of prepayments and deferrals is consistent with the basic governmental concept that only expendable financial resources are reported by a specific governmental fund. Payments for the prepaid items or deferrals are fully recognized as an expenditure in the year of payment. Under the nonallocation method no asset for the prepayment or deferral is created, and no expenditure allocation to future accounting periods is required.

I. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The District does not possess any infrastructure.

The costs of normal maintenance and repairs, that do not add to the value of the asset or materially extend asset lives, are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Assets in the general fixed assets account group are not depreciated. Depreciation of equipment and vehicles in the proprietary fund types is computed using the straight-line method over an estimated useful life (five to twenty years) of the assets.

J. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis and entitlements, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

**Notes to the General Purpose Financial Statements
June 30, 2000**

Note 1. Summary of Significant Accounting Policies (continued)

The District currently participates in several State and Federal programs, categorized as follows:

Entitlements:

General Fund

Homestead and Rollback Tax Subsidy
State Foundation Program
School Bus Funding

Special Revenue Funds

Educational Management Information Systems

Capital Projects Funds

School Net Grant
Tech Equity

Non-Reimbursable Grants:

Special Revenue Funds

Title I	E Rate Subsidy
DPPF	Title VI
Data Communications	Title VIB
Professional Development	Title VI-R
Tech Prep	Textbook Subsidy
Drug Free Schools Grant	Ohio Reads
Eisenhower Grant	Miscellaneous State and Federal Grants

Reimbursable Grants:

General Fund

Driver Education Reimbursement	Vocational Education Reimbursement
Tutor Reimbursement	

Proprietary Funds

National School Lunch Program
Government Donated Commodities

Grants and entitlements amounted to approximately 58% of the District's operating revenue during the 2000 fiscal year.

K. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds." Short-term interfund loans are classified as "interfund receivables/payables." At June 30, 2000, the District had \$928,367 in "Interfund Receivables/Payables" and \$250,992 in "Due to/from Other Funds."

L. Advances to Other Funds

Non-current portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation. At June 30, 2000 the District had no long-term interfund loans.

Notes to the General Purpose Financial Statements
June 30, 2000

Note 1. Summary of Significant Accounting Policies (continued)

M. Compensated Absences

The District accounts for compensated absences in accordance with GASB Statement No. 16. Sick leave and other compensated absences with similar characteristics are accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments, as well as other employees who are expected to become eligible in the future to receive such payments.

To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. Accruals for those employees who are expected to become eligible in the future are based on assumptions concerning the probability that individual employees or class or group of employees will become eligible to receive termination payments. All employees projected to be eligible were included in the calculation of the long-term compensated absences accrual amount.

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: 1.) The employees' rights to receive compensation are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee; and 2.) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

For governmental funds, the District records a liability for accumulated unused vacation and sick leave when earned. The current portion of these unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term debt account group. In proprietary funds, compensated absences are expensed when earned with the amount reported as a fund liability.

N. 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 financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

O. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

**Notes to the General Purpose Financial Statements
June 30, 2000**

Note 1. Summary of Significant Accounting Policies (continued)

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Because the activity of agency funds is not budgeted, transfers in and transfers out do not equal on a budgetary basis due to a transfer of \$15,995 to the agency fund from the general fund.

P. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents (an intergovernmental receivable) set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after a two-thirds vote of the board of education and receiving approval from the State Superintendent of Public Instruction for the replenishment of the reserve. A fund balance reserve has also been established.

Q. Fund Balance Reserves

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, budget stabilization and future appropriation. The reserve for future appropriation represents the amount of the property taxes available for advance and recognized as revenue.

The District is prohibited by law from appropriating the advance, since it was not received, for the current fiscal year. The unreserved portions of fund equity reflected for the Governmental Funds are available for use within the specific purposes of those funds.

R. 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 cash flows 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.

S. Estimates

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

**Notes to the General Purpose Financial Statements
June 30, 2000**

Note 2. Budgetary Basis of Accounting

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type:

Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses Governmental Fund Types and Similar Fiduciary Type Funds					
	Governmental Fund Types				
	General Fund	Special Revenue	Debt Service	Capital Project	Expendable Trust
GAAP Basis	\$(760,827)	(268,091)	(7,099)	(244,412)	\$(5,018)
Increase (Decrease):					
Due to Revenues:					
Net Adjustments to Revenues	410,788	(6,546)	(52,227)	(6,067)	(522)
Due to Expenditures:					
Net Adjustments to Expenditures	(1,208,331)	(1,128)	0	(68,551)	1
Due to Other Sources/Uses	(327,640)	81,117	59,326	62,017	0
Budget Basis	\$(1,886,010)	(194,648)	0	(257,013)	\$(5,539)

Note 3. Accountability and Compliance

Pursuant to Section 117.11(A) of the Revised Code, independent auditors performed tests of compliance with various provisions of local, state and/or federal laws, as appropriate.

Note 4. Cash and Investments

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

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

Inactive deposits are public deposits the Board of Education has identified as not required for use within the current 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. 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 District's deposits is provided by the Federal 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 money deposited with the institution.

Notes to the General Purpose Financial Statements
June 30, 2000

Note 4. Cash and Investments (continued)

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 repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. 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 monies available for investment at any one time.

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

Deposits: At year end, the carrying amount of the District's deposits was \$821,350 and the bank balance was \$826,441. Of the bank balance:

1. \$100,000 was covered by Federal Depository Insurance Corporation (FDIC); and
2. \$726,441 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

Notes to the General Purpose Financial Statements
June 30, 2000

Note 4. Cash and Investments (continued)

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

	Category			Reported Amount	Fair Value
	1	2	3		
Commercial Paper	\$0	0	\$487,283	\$487,283	\$487,283
Federal Agency Securities	0	0	1,001,121	1,001,121	1,001,121
Total Investments				\$1,488,404	\$1,488,404

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.

A reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash	Investments
GASB Statement No. 9	\$2,309,754	\$0
Investments:		
Commercial Paper	(487,283)	487,283
Federal Agency Securities	(1,001,121)	1,001,121
Total Cash and Cash Equivalents Total	\$821,350	\$1,488,404

Note 5. Property Tax

Property taxes are levied, assessed and collected on a calendar year basis. They include amounts levied against all real, public utility, and tangible personal property located in the District. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the Franklin County Auditor at 35% of appraised market value. All property is required to be revalued every six years. The last revaluation for the District was completed in 1995, an update was done in 1999. The next revaluation is scheduled for 2001.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31, (although the Franklin County Auditor usually files for an extension in sending out tax bills so payment is then due by February 14th). If paid semi-annually, the first payment is usually due February 14, with the remainder payable June 20.

**Notes to the General Purpose Financial Statements
June 30, 2000**

Note 5. Property Tax (continued)

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before December 31 of that calendar year. Tangible personal property used in business (except for public utilities) is currently assessed for taxation purposes at 25% of its true value. Amounts paid by multi-county taxpayers may be paid annually or semi-annually, the first payment is due April 30, with the remainder payable by September 28.

Public utility real and public utility personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The Franklin County Treasurer collects property tax on behalf of the District. The Franklin County Auditor remits the collected taxes to the District. Tax settlements are made each March and August for real property taxes and each June and October for personal property.

Taxes available for advance and recognized as revenue, but not received by the District prior to June 30, are reflected as a reservation of fund balance. The District is prohibited by law from appropriating the property taxes recognized as revenue in accordance with Ohio Revised Code Section 5705.35 since an advance of tax revenue was not received by the end of the fiscal year.

The full tax rate at the fiscal year ended June 30, 2000 for operations was \$46.40 per \$1,000 of assessed valuation and \$.69 per \$1,000 of assessed valuation for bonded debt. The assessed values of real and tangible personal property on which the fiscal year 2000 taxes were collected were as follows:

Real Property-Commercial/Industrial	\$53,848,410
Real Property-Residential/Agricultural	100,523,140
Real Property-Public Utilities	198,960
Personal Property-General	46,345,995
Personal Property-Public Utilities	14,074,660
Total Assessed Value	<u>\$214,991,165</u>

Notes to the General Purpose Financial Statements
June 30, 2000

Note 6. Receivables

Receivables at June 30, 2000 consisted of taxes, accounts (miscellaneous), and intergovernmental grants and entitlements. 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 guarantee of Federal funds.

A summary of the principal items of Intergovernmental Receivables follows:

General Fund:	
Driver Education Reimbursement	\$700
Total General Fund	700
Capital Project Fund:	
Capital Improvement Subsidy	6,065
Grand Total	\$6,765

Note 7. Fixed Assets

The following is a summary of the proprietary funds property, plant and equipment at June 30, 2000:

Furniture and Equipment	\$231,712
Less: Accumulated Depreciation	(174,050)
Net Fixed Assets	\$57,662

The following is a summary of changes in the General Fixed Assets Account Group during the fiscal year 2000:

	General Fixed Assets June 30, 1999	Additions	Deletions	General Fixed Assets June 30, 2000
Land and Buildings	\$6,069,575	279,199	0	\$6,348,774
Improvements	412,721	66,015	0	478,736
Furniture and Equipment	4,915,701	819,155	1,924	5,732,932
Vehicles	1,032,281	61,699	0	1,093,980
Total General Fixed Assets	\$12,430,278	1,226,068	1,924	\$13,654,422

The District does not have any construction in progress.

Note 8. Defined Benefit Pension Plans

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit

Notes to the General Purpose Financial Statements
June 30, 2000

Note 8. Defined Benefit Pension Plans (continued)

to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$288,852, \$250,488 and \$234,228, respectively; 48.6 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$152,557 representing the unpaid contribution for fiscal year 2000, including the surcharge, is recorded as a liability within the respective funds and the general long-term obligations account group

B. State Teachers Retirement System

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 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 District's contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$1,176,408, \$1,052,628 and \$980,748, respectively; 83.3 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$196,067 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds.

C. Social Security

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System /State Teachers Retirement System. As of June 30, 2000, all members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 9. Postemployment Benefits

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired classified 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.

**Notes to the General Purpose Financial Statements
June 30, 2000**

Note 9. Postemployment Benefits (continued)

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 1999, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$672,233 for fiscal year 2000. STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$2.783 billion at June 30, 1999 (the latest information available). For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

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

For the fiscal year ended June 30, 1999, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase of 2.2 percent from fiscal year 1999. 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 rate 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. For the District, this amount equaled \$183,504 during the 2000 fiscal year.

The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 1999, (the latest information available) were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, the Retirement System's net assets available for payment of health care benefits was \$188.0 million. The number of participants currently receiving health care benefits is approximately 51,000.

Note 10. Compensated Absences

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Only administrative and support personnel who are under a full year contract (260 days) are eligible for vacation time. Vacation leave is based upon length of service and position.

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave shall accumulate during active employment on a continuous year-to-year basis. Maximum sick leave accumulation for employees is 255 days.

Retirement severance is paid to each employee retiring from the District at a per diem rate of the annual salary at the time of retirement. Classified employees must have been employed by the District for a minimum of five consecutive years at the time of retirement. Any employee receiving retirement severance pay shall be entitled to a dollar amount equivalent to one-fourth of all accumulated sick leave credited to that employee up to fifty six days, plus one day for each year in which no more than three days of sick leave are used.

Notes to the General Purpose Financial Statements
June 30, 2000

Note 11. Risk Management

A. General Risk

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 has addressed these various types of risk by purchasing a comprehensive insurance policy through commercial carriers. General liability insurance is maintained in the amount of \$1,000,000 for each occurrence and \$5,000,000 in the aggregate.

The District maintains fleet insurance in the amount of \$1,000,000 for any one accident or loss and a rider for volunteers.

The District maintains replacement cost insurance on buildings and contents. Settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

B. Workers' Compensation-Public Entity Risk Pool

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

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Company provides administrative, cost control and actuarial services to the GRP.

C. Health Insurance

The District provides life insurance and accidental death and dismemberment insurance to its employees through the Anthem Life Insurance Company. The District has elected to provide employee medical/surgical benefits through Anthem Blue Cross/Blue Shield, and dental through Core Source, Inc., all fully funded programs.

**Notes to the General Purpose Financial Statements
June 30, 2000**

Note 12. Notes and Long-Term Debt

A summary of changes in long-term obligations for the year ended June 30, 2000, is as follows:

	Balance			Balance
	July 1, 1999	Additions	Deletions	June 30, 2000 30, 1999
Intergovernmental Payable	\$88,434	104,414	88,434	\$104,414
General Obligation Bonds Payable	1,755,000	0	245,000	1,510,000
Compensated Absences Payable	893,074	782,634	893,074	782,634
	<u>\$2,736,508</u>	<u>887,048</u>	<u>1,226,508</u>	<u>\$2,397,048</u>

The \$1,510,000 of outstanding general obligation bonds relate to projects, for which bonds were issued, for the purpose of constructing, improving and equipping schools and improving the site thereof. These bonds mature December, 1999 through December, 2007, and are in full compliance with the general laws of the State of Ohio, particularly Sections 133.01 to 133.48, inclusive, of the Revised Code and Section 133.09 thereof.

		Balance	Retired	Balance
		July 1, 1999		June 30, 2000
School Improvement Bond - 1989	6.80%	\$55,000	(55,000)	\$0
School Improvement Bond - 1990	6.92%	685,000	(85,000)	600,000
School Improvement Bond - 1996	5.50%	1,015,000	(105,000)	910,000
		<u>\$1,755,000</u>	<u>(245,000)</u>	<u>\$1,510,000</u>

The annual maturities of the general obligation bonds as of June 30, 2000, and related interest payments are as follows:

	Principal	Interest	Payment
FY2001	\$210,000	83,725	\$293,725
FY2002	215,000	71,087	286,087
FY2003	225,000	57,937	282,937
FY2004	230,000	44,275	274,275
FY2005 and thereafter	630,000	50,049	680,049
	<u>\$1,510,000</u>	<u>307,073</u>	<u>\$1,817,073</u>

Notes to the General Purpose Financial Statements
June 30, 2000

Note 13. Interfund Transactions

At June 30, 2000, the District had short-term interfund loans which are classified as "interfund receivables/payables." An analysis of interfund balances is as follows:

	Receivable	Payable
General Fund	\$928,367	\$0
Special Revenue Funds	0	558,165
Capital Project Funds	0	183,992
Enterprise Funds	0	183,587
Agency Funds	0	2,623
	\$928,367	\$928,367

Note 14. Jointly Governed Organizations

Metropolitan Educational Council (MEC) - MEC is a not-for-profit educational council whose primary purpose and objective is to contribute to the educational services available to school districts in Franklin County and surrounding areas by cooperative action membership. The governing board consists of a representative from each of the Franklin County districts. Districts outside of Franklin County are associate members and each county selects a single district to represent them on the governing board. MEC is its own fiscal agent. The District does not have an ongoing financial interest in or ongoing financial responsibility for MEC. MEC provides computer services to the District.

Note 15. Segment Information for Enterprise Funds

Key financial data for the District's Enterprise Funds for the year ended June 30, 2000 follows:

	Lunchroom Fund	Uniform Supply Fund	Total
Operating Revenues	\$413,971	979	\$414,950
Operating Expenses:			
Depreciation	(1,940)	0	(1,940)
Other Expenses	(822,192)	(19,633)	(841,825)
Total Operating Expenses	(824,132)	(19,633)	(843,765)
Operating Loss	(410,161)	(18,654)	(428,815)
Transfer In	84,314	0	84,314
Non Operating Revenues and Expenses:			
Grants	195,816	0	195,816
Federal Commodities	35,281	0	35,281
Loss on Disposal of Assets	(3,898)	0	(3,898)
Net Loss	\$(98,648)	(18,654)	\$(117,302)
Net Working Capital	\$(234,693)	(27,671)	\$(262,364)
Total Assets	\$82,814	0	\$82,814

Notes to the General Purpose Financial Statements
June 30, 2000

Retained Earnings	<u>\$(177,027)</u>	<u>(27,671)</u>	<u>\$(204,698)</u>
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Note 16. Contingencies

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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 adverse effect on the overall financial position of the District at June 30, 2000.

B. Litigation

Terrence Bacus v. Hamilton Local School District Board of Education
Franklin County Court of Common Pleas

This matter involves an action brought by Plaintiff, Terrence Bacus, against his former employer, the Hamilton Local School District Board of Education ("Board") and the individual members of the Board. The action claims breach of contract, fraud in the inducement and defamation and seeks compensatory damages in the amount of \$100,000 against the Board and \$250,000 against the individual defendants and punitive damages in the amount of \$250,000 against the individual defendants.

Currently, Defendants are awaiting responses to the interrogatories, request for production and request for admissions served upon Plaintiff. Discovery is expected to continue with depositions and may result in the filing of dispositive motions. Trial is presently scheduled for November 8, 2001.

Note 17. School Funding Decision

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to the District. During the fiscal year ended June 30, 2000, the District received \$7,970,484 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "...major areas warrant further attention, study, and development by the General Assembly...", including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

**Notes to the General Purpose Financial Statements
June 30, 2000**

Note 17. School Funding Decision (continued)

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

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

Note 18. Statutory Reserves

The District is required by State law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 2000, the reserve activity was as follows:

	Textbook Acquisition	Capital Acquisition	Budget Stabilization	Total
Set aside Cash Balance as of June 30, 1999	\$0	\$0	\$190,278	\$190,278
Current Year Set-Aside Requirement	352,195	352,195	279,315	983,705
Current Year Offsets	0	0	0	0
Qualifying Disbursements	(584,009)	(2,135,040)	0	(2,719,049)
Total	<u><u>\$(231,814)</u></u>	<u><u>\$(1,782,845)</u></u>	<u><u>\$469,593</u></u>	<u><u>\$(1,545,066)</u></u>
Cash Balance Carried Forward to FY2001	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$469,593</u></u>	
Amount Restricted for Budget Stabilization				<u><u>\$469,593</u></u>
Total Restricted Assets				<u><u>\$469,593</u></u>

Note 19. Fund Deficits

Fund balances and retained earnings at June 30, 2000, included the following individual fund deficits:

<u>Special Revenue Funds:</u>	<u>Capital Project Funds:</u>	
Student Activity	\$(177,115)	Construction Fund \$(130,085)
Professional Development Grant	\$(1,991)	SchoolNet \$(33,633)
Textbooks/Materials	\$(24,504)	Emergency Repair Grant \$(37,396)
Title VI-B	\$(228,838)	<u>Enterprise Funds:</u>
Title I	\$(372,252)	Food Service \$(177,027)
		Uniform Supply \$(27,671)

The deficits resulted from adjustments for accrued liabilities and interfund payables. The general fund is liable for any deficits in these funds and provides operating transfers when cash is required, not when accruals occur.

**HAMILTON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
SCHEDULE OF FEDERAL AWARD RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2000**

<u>Federal Grantor Agency/ Pass-Through Agency/ Grant Title</u>	<u>Federal Pass Through Entity Number</u>	<u>CFDA Number</u>	<u>Receipts</u>	<u>Expenditures</u>
<i>United States Department of Agriculture/ Ohio State Department of Education</i>				
Nutrition Cluster:				
School Breakfast Program	05-PU-00 05-PU-00	10.553	\$ 29,230	\$ 29,230
National School Lunch Program	03-PU-99 & 00 04-PU-99 & 00	10.555	<u>182,667</u>	<u>182,667</u>
Total United States Department of Agriculture – Nutrition Cluster			211,897	211,897
Food Distribution		10.550	11,231	11,231
<i>United States Department of Education/ Ohio State Department of Education</i>				
Title I Grants to Local Educational Agencies	C1-S1-98, 99 & 00	84.010	249,108	299,183
Special Education – Grants to States	6B-SF-99 & 00	84.027	65,584	169,082
Chapter II Improvement and Consolidated Act	C2-S1-00	84.151	4,010	-
Eisenhower Professional Development – State Grants	MS-S1-99 & 00	84.281	13,033	350
Class Size Reduction		84.340	15,995	6,717
Safe and Drug Free Schools and Communities State Grant	N/A	84.186	<u>-</u>	<u>2,815</u>
Total United States Department of Education			<u>347,730</u>	<u>478,147</u>
TOTAL FEDERAL FINANCIAL RECEIPTS AND EXPENDITURES			<u>\$ 570,858</u>	<u>\$ 701,275</u>

**HAMILTON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE SCHEDULE OF FEDERAL AWARD RECEIPT RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2000**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal award receipts and expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B – FOOD DISTRIBUTION

The receipt amount is based upon the fair market value of food commodities received. No actual cash is received.



**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
Hamilton Local School District
Columbus, Ohio**

We have audited the general purpose financial statements of the Hamilton Local School District, as of and for the year ended June 30, 2000, and have issued our report thereon dated February 23, 2001. We conducted our audit in accordance with generally accepted auditing standards 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 Hamilton Local School District's general purpose 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 2000-1449-001 through 2000-1449-010.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Hamilton Local School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing an opinion on the general purpose 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 general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Hamilton Local School District, in a separate letter dated February 23, 2001.

This report is intended solely for the information and use of the board of education, management, Auditor of State and federal awarding agencies and pass-through entities and is not intended to be used and should not be used by anyone other than these specified parties.

**Jones, Cochenour & Co.
February 23, 2001**



**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
Hamilton Local School District
Columbus, Ohio**

Compliance

We have audited the compliance of Hamilton Local School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2000. Hamilton Local School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Hamilton Local School District's management. Our responsibility is to express an opinion on Hamilton Local School District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Hamilton Local School 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 Hamilton Local School District's compliance with those requirements.

In our opinion, Hamilton Local School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2000.

Internal Control Over Compliance

The management of Hamilton Local School 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 Hamilton Local School 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.

We noted a matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Hamilton Local School District's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2000-1449-0011.

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. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness.

This report is intended solely for the information and use of the board of education, management, Auditor of State and federal awarding agencies and pass-through entities and is not intended to be used and should not be used by anyone other than these specified parties.

**Jones, Cochenour & Co.
February 23, 2001**

**HAMILTON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
JUNE 30, 2000**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133§ .505**

1. SUMMARY OF AUDITORS' 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 of (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 noncompliance at the financial statement level (GAGAS)?	Yes
(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?	Yes
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under §.510?	Yes
(d)(1)(vii)	Major Programs (list):	Title I 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

**HAMILTON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
JUNE 30, 2000**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 §.505**

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2000-1449-001

Ohio Rev. Code Section 5705.36 states that reserve balance accounts established pursuant to Ohio Rev. Code Section 5705.13 ... are required to be excluded from the amount of unencumbered balances. The District did not exclude the reserve balance accounts from the unencumbered balances of estimated resources.

Finding Number	2000-1449-002
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Ohio Rev. Code Section 5705.36 requires that a reduced amended certificate of estimated resources must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriation. The following funds of the District had actual receipts that were below estimated receipts.

<u>Fund Level</u>	<u>Estimated Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
018	25,000	24,327	(673)
025	200	0	(200)
300	250,000	134,776	(115,224)
400	541,218	44,107	(547,111)
500	<u>556,500</u>	371,073	(185,427)
	1,422,918		

Finding Number	2000-1449-003
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Ohio Rev. Code Section 5705.40 states that no appropriation may be reduced below an amount sufficient to cover all unliquidated and outstanding contracts or obligations against them. The District had the following funds where disbursements exceeded appropriations.

<u>Fund Level</u>	<u>Appropriations</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General Fund	16,916,461	18,884,816	(1,968,355)
Capital Project Fund	101,933	577,509	(475,576)

**HAMILTON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
JUNE 30, 2000**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 §.505**

Finding Number	2000-1449-004
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Ohio Rev. Code Section 5705.41(D) states that fiscal officers may prepare so-called "blanket" certificates not exceeding \$5,000 against any specific line item account over a period not exceeding 3 months or running beyond the current fiscal year. ... In addition to regular blanket certificates, a subdivision's fiscal officer may also issue so-called "super blanket" certificates for amounts over \$5,000 for expenditures and contracts from a specific line-item appropriation amount in a specified fund ... This certification is not to extend beyond the fiscal year. The District had 7% of the sample in which the blanket purchase orders continued past the three month time period, 7% of the sample in which the purchase orders continued past year-end, and 20% either exceeded the \$5,000 limitation, or the amount of the Blanket PO.

Finding Number	2000-1449-005
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Ohio Rev. Code Section 5705.391(B) states that "School districts are required to prepare 5-year projections of revenues and expenditures as part of the spending plans ... Plans are to be updated whenever: 1) actual revenues or expenditures deviate from the projections by 5% or more; and 2) contracts, etc., subject to 5705.412 are entered into. The District did not update the 5-year projection when revenues or expenditures deviated from the projections by 5% or more, nor did they update the 5-year projections when they entered into contracts, etc., subject to 5705.412.

Finding Number	2000-1449-006
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Ohio Rev. Code Section 135.142 states that any board of education may, by two-thirds vote of its members, authorize the treasurer of the school district to invest up to 25% of interim monies of the board, available at any one time, in either ... commercial paper ... banker's acceptances. The District's commercial paper exceeded 25%.

Finding Number	2000-1449-007
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Ohio Rev. Code Section 117.38 states that ... the public office must publish a notice in a local newspaper stating the financial report is available for public inspection at the office of the chief fiscal officer. The District did not publish such a notice in a local paper.

**HAMILTON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
JUNE 30, 2000**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 §.505**

Finding Number	2000-1449-008
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Ohio Rev. Code Section 9.38 states that public money must be deposited with the treasurer of the public office *or* to a designated depository on the business day following the day of receipt. During our receipt testing, there were six instances out of forty tested that were not deposited in a timely manner. The following represents the longest time period for a deposit:

<u>Event Type</u>	<u>Event Date</u>	<u>Deposit Date</u>
HT Track Invitational	4/14/00	4/26/00

Finding Number	2000-1449-009
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Ohio Rev. Code Section 5705.41(B) states no subdivision is to expend money unless it has been appropriated. The District had expenditures in excess of appropriations at the fund level as follows:

<u>Fund Level</u>	<u>Appropriations</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General Fund	16,916,461	18,884,816	(1,968,355)
Capital Project Fund	101,933	577,509	(475,576)

Finding Number	2000-1449-0010
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Ohio Rev. Code Section 5705.10 states that money paid into any fund shall be used only for the purposes for which such fund was established. As of June 30, 2000, the Capital Projects Fund had a negative fund balance. The existence of a deficit balance in any fund indicates that money from another fund or funds have been used to pay obligations of the fund or funds carrying the deficit balance. During testing, the District was unable to timely locate copies of Final Expenditure Reports and Cash Drawdown Requests. The explanation given to repeated requests for these documents was that the District had a new Title I coordinator and they were having trouble locating them. While the documents in question were eventually produced, this suggests a breakdown in internal control over recordkeeping. We recommend that recordkeeping of reports for Federal awards programs be stored in a central location.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL	
Finding Number	2000-1449-0011

During testing, the District was unable to timely locate copies of Final Expenditure Reports and Cash Drawdown Requests. The explanation given to repeated requests for these documents was that the District had a new Title I coordinator and they were having trouble locating them. While the documents in question were eventually produced, this suggests a breakdown in internal control over recordkeeping. We recommend that recordkeeping of reports for Federal awards programs be stored in a central location.

**HAMILTON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

STATUS OF PRIOR AUDIT FINDINGS, CITATIONS AND REPORTABLE CONDITIONS

<u>FINDINGS, CITATIONS, AND REPORTABLE CONDITIONS</u>	<u>STATUS</u>	<u>EXPLANATION IF NOT FULLY IMPLEMENTED</u>
<u>CITATIONS</u>		
<u>Ohio Revised Code</u>		
1. ORC Sec. 5705.36, failure to amend Certificates of estimated resources	Not Corrected	Treasurer will monitor more closely.
2. ORC Sec. 5705.39, appropriations exceeded total estimated revenue in several funds.	Corrected	N/A
3. ORC Sec. 5705.39, no appropriation measure is to become effective until the County Auditor files a certificate.	Corrected	N/A
4. ORC Sec. 5705.416, no subdivision is to expense money until it has been appropriated.	Corrected	N/A
5. ORC Sec. 5705.391(B), districts to prepare a five year projection and update them whenever actual revenues/expenditures deviate by 5%.	Not Corrected	Treasurer will monitor more closely.
6. ORC Sec. 5705.391(B), assumptions in the 5 year projection shall be consistently applied.	Corrected	N/A
7. ORC Sec. 5705.412, preparation of "412" certificates.	Corrected	N/A
8. ORC Sec. 5705.10, negative fund balances.	Corrected	N/A
9. ORC Sec. 5705.41(D), blanket certificates not to run beyond year end.	Not Corrected	Treasurer will monitor more closely.
10. ORC 135.14, written investment policy signed by the Auditor of State, broker, dealers, and financial institutions.	Corrected	N/A

**HAMILTON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

STATUS OF PRIOR AUDIT FINDINGS, CITATIONS AND REPORTABLE CONDITIONS

<u>FINDINGS, CITATIONS, AND REPORTABLE CONDITIONS</u>	<u>STATUS</u>	<u>EXPLANATION IF NOT FULLY IMPLEMENTED</u>
<u>CITATIONS</u>		
<u>Ohio Revised Code</u>		
11. ORC Sec 9.38, public moneys deposited with the Treasurer of the public office or designated depositories on the business day following the day of receipt.	Not Corrected	Treasurer will monitor more closely.
12. ORC Sec. 5705.41(D), expenditures made prior to certification.	Corrected	N/A
<u>REPORTABLE CONDITIONS</u>		
13. Lack of management review of reports prior to submittal	Corrected	N/A

HAMILTON LOCAL SCHOOL DISTRICT
JUNE 30, 2000

CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133 § .315 (C)

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact
2000-1449-009	District will create a central filing location for reports of federal awards programs.	6/30/01	Scott Osborne

**HAMILTON LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

CONCLUSION STATEMENT

A post-audit conference with the Hamilton Local School District officials was conducted on March 27, 2001, at which time they were notified they had five business days to respond to the preliminary report.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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800-282-0370
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HAMILTON LOCAL SCHOOL DISTRICT

FRANKLIN 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
JUNE 5, 2001**