



**HUBER HEIGHTS CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**HUBER HEIGHTS CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Balance Sheet - All Fund Types and Account Groups - June 30, 2000	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balance All Governmental Fund Types and Expendable Trust Funds For the Year Ended June 30, 2000	6
Combined Statement of Revenues, Expenditures and Changes in Fund Balance	8
Budget and Actual (Non-GAAP Budgetary Basis) All Governmental Fund Types For the Year Ended June 30, 2000	
Combined Statement of Revenues, Expenses and Changes in Retained Earnings Proprietary Fund Type For the Year Ended June 30, 2000	10
Combined Statement of Cash Flows - Proprietary Fund Type For the Year Ended June 30, 2000	11
Notes to the General Purpose Financial Statements	13
Schedule of Federal Awards Expenditures for the Year ended June 30, 2000	34
Notes to the Schedule of Federal Awards Expenditures	35
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	37
Report of Independent Accountants on Compliance with Requirements Applicable to Its Federal Program and Internal Control over Compliance in Accordance with OMB Circular A-133	39
Schedule of Findings	41

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Huber Heights City School District
Montgomery County
5954 Longford Road
Huber Heights, Ohio 45424

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Huber Heights City School District, Montgomery County, (the 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 the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Huber Heights City School District, Montgomery County, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund type 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 December 21, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

December 21, 2000

This page intentionally left blank.

This page intentionally left blank.

**HUBER HEIGHTS CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Assets and Other Debits:				
Equity in Pooled Cash and Investments	\$5,272,416	\$657,442	\$69,782	\$1,792,443
Cash with Fiscal Agent	0	15,437	20,956	0
Restricted Equity in Pooled Cash and Investments	1,395,240	0	0	0
Receivables:				
Taxes	19,344,011	0	0	735,978
Intergovernmental	0	0	0	0
Accounts	59,795	179	0	0
Prepaid Items	0	0	0	0
Amounts Held for Deferred Compensation	0	0	0	0
Fixed Assets (Net, where applicable, of				
Accumulated Depreciation)	0	0	0	0
Other Debits:				
Amount Available in Debt Service Fund for				
Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided for Retirement of General				
Long-Term Obligations	0	0	0	0
Total Assets & Other Debits	<u>\$26,609,171</u>	<u>\$673,058</u>	<u>\$90,738</u>	<u>\$2,528,421</u>
Liabilities, Fund Equity & Other Credits:				
Liabilities:				
Accounts Payable	\$544,104	\$5,059	\$0	\$88,949
Accrued Wages & Benefits	3,841,107	155,073	0	0
Accrued Interest Payable	0	0	0	0
Deferred Revenue	19,037,510	0	0	723,808
Due to Other Districts	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Capital Lease Obligations	0	0	0	0
Notes Payable	0	0	0	0
Total Liabilities	<u>23,487,648</u>	<u>162,652</u>	<u>20,956</u>	<u>812,757</u>
Fund Equity & Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	1,759,091	179,877	0	938,216
Reserved for Property Tax Advances	306,501	0	0	12,170
Reserved for Inventory	536,038	0	0	0
Reserved for Set-Asides	1,395,240	0	0	0
Unreserved & Undesignated	(875,347)	330,529	69,782	765,278
Total Fund Equity (Deficit) & Other Credits	<u>3,121,523</u>	<u>510,406</u>	<u>69,782</u>	<u>1,715,664</u>
Total Liabilities, Fund Equity & Other Credits	<u>\$26,609,171</u>	<u>\$673,058</u>	<u>\$90,738</u>	<u>\$2,528,421</u>

See Accompanying Notes to the General-Purpose Financial Statements

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$288,879	\$128,196	\$0	\$0	\$8,209,158
0	0	0	0	36,393
0	0	0	0	1,395,240
0	0	0	0	20,079,989
67,647	0	0	0	67,647
1,519	0	0	0	61,493
0	0	0	0	1,671
19,455	0	0	0	555,493
194,285	0	32,627,976	0	32,822,261
0	0	0	69,782	69,782
0	0	0	4,392,844	4,392,844
<u>\$571,785</u>	<u>\$128,196</u>	<u>\$32,627,976</u>	<u>\$4,462,626</u>	<u>\$67,691,971</u>
\$17,212	\$0	\$0	\$0	\$655,324
80,178	0	0	280,050	4,356,408
82,016	0	0	2,662,426	2,811,889
14,749	0	0	0	19,776,067
0	121,273	0	0	121,273
0	0	0	0	20,956
0	0	0	170,569	170,569
0	0	0	1,349,581	1,349,581
<u>194,155</u>	<u>121,273</u>	<u>0</u>	<u>4,462,626</u>	<u>29,262,067</u>
0	0	32,627,976	0	32,627,976
80,000	0	0	0	80,000
297,630	0	0	0	297,630
0	0	0	0	2,877,184
0	0	0	0	318,671
0	0	0	0	536,038
0	0	0	0	1,395,240
0	6,923	0	0	297,165
<u>377,630</u>	<u>6,923</u>	<u>32,627,976</u>	<u>0</u>	<u>38,429,904</u>
<u>\$571,785</u>	<u>\$128,196</u>	<u>\$32,627,976</u>	<u>\$4,462,626</u>	<u>\$67,691,971</u>

**HUBER HEIGHTS CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGED IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2000**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
Taxes	\$17,061,458	\$0	\$0	\$700,246	\$0	\$17,761,704
Intergovernmental	22,774,735	1,566,335	0	89,423	4,500	24,434,993
Investment	351,431	713	0	0	91	352,235
Tuition & Fees	325,613	29,391	0	0	0	355,004
Extracurricular Activities	85,865	509,408	0	0	0	595,273
Miscellaneous	456,702	1,021	0	0	1,131	458,854
Total Revenues	41,055,804	2,106,868	0	789,669	5,722	43,958,063
Expenditures:						
Current:						
Instruction:						
Regular	19,113,951	436,247	0	62,988	6,416	19,619,602
Special	4,146,583	341,241	0	3,994	0	4,491,818
Vocational	625,693	773	0	0	0	626,466
Other	741,055	122	0	0	0	741,177
Support Services:						
Pupils	1,958,833	115,469	0	0	0	2,074,302
Instructional Staff	1,367,552	275,788	0	0	0	1,643,340
Board of Education	44,703	0	0	0	0	44,703
Administration	2,629,771	43,707	0	0	0	2,673,478
Fiscal	596,213	0	0	8,768	0	604,981
Business	414,915	0	0	0	0	414,915
Operation & Maintenance of Plant	3,712,725	394	0	0	0	3,713,119
Pupil Transportation	1,839,388	0	0	0	0	1,839,388
Central	310,157	32,920	0	0	0	343,077
Operation of Non-Instructional Services	0	383,033	0	0	0	383,033
Extracurricular Activities	399,154	341,900	0	0	0	741,054
Capital Outlay	0	0	0	680,037	0	680,037
Debt Service:						
Principal Retirement	326,278	0	80,000	0	0	406,278
Interest & Fiscal Charges	75,203	0	2,200	0	0	77,403
Total Expenditures	38,302,174	1,971,594	82,200	755,787	6,416	41,118,171
Excess of Revenues Over (Under) Expenditures	2,753,630	135,274	(82,200)	33,882	(694)	2,839,892
Fund Balance, Beginning of Year	350,510	375,132	151,982	1,681,782	7,617	2,567,023
Increase (Decrease) in Reserve for Inventory	17,383	0	0	0	0	17,383
Fund Balance, End of Year	\$3,121,523	\$510,406	\$69,782	\$1,715,664	\$6,923	\$5,424,298

See Accompanying Notes to the General-Purpose Financial Statements

This page intentionally left blank.

**HUBER HEIGHTS CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
(NON-GAAP BUDGETARY BASIS) - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2000**

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Taxes	\$17,151,504	\$17,151,504	\$0	\$0	\$0	\$0
Intergovernmental	19,482,176	22,774,735	3,292,559	1,571,385	1,571,385	0
Investment	363,155	363,155	0	0	0	0
Tuition & Fees	268,421	268,421	0	0	0	0
Extracurricular Activities	85,865	85,865	0	461,640	461,640	0
Miscellaneous	456,262	456,262	0	1,021	1,021	0
Total Revenues	37,807,383	41,099,942	3,292,559	2,034,046	2,034,046	0
Expenditures:						
Current:						
Instruction:						
Regular	19,915,291	19,915,273	18	569,245	532,881	36,364
Special	4,151,865	4,151,768	97	692,244	398,592	293,652
Vocational	653,598	653,564	34	540	773	(233)
Other	711,290	711,237	53	0	0	0
Support Services:						
Pupils	1,903,908	1,903,851	57	10,700	114,999	(104,299)
Instructional Staff	1,397,777	1,397,764	13	92,410	263,952	(171,542)
Board of Education	72,794	72,717	77	0	0	0
Administration	2,807,218	2,807,149	69	5,150	39,765	(34,615)
Fiscal	618,876	618,869	7	0	0	0
Business	886,062	886,033	29	0	0	0
Operation & Maintenance of Plant	4,286,881	4,286,798	83	600	519	81
Pupil Transportation	2,039,561	2,039,475	86	0	0	0
Central	331,800	331,779	21	31,700	31,609	91
Operation of Non-Instructional Services	0	0	0	375,740	394,405	(18,665)
Extracurricular Activities	406,800	406,565	235	318,442	318,425	17
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Principal Retirement	326,278	326,278	0	0	0	0
Interest & Fiscal Charges	75,222	75,203	19	0	0	0
Total Expenditures	40,585,221	40,584,323	898	2,096,771	2,095,920	851
Excess (Deficiency) of Revenues Over Under Expenditures	(2,777,838)	515,619	3,293,457	(62,725)	(61,874)	851
Fund Balance, Beginning of Year (Includes Prior Year Encumbrances Appropriated)	4,125,370	4,125,370	0	521,907	521,907	0
Fund Balance, End of Year	\$1,347,532	\$4,640,989	\$3,293,457	\$459,182	\$460,033	\$851

See Accompanying Notes to the General-Purpose Financial Statements

Debt Service			Capital Projects			Totals (Memorandum Only)		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$0	\$0	\$0	\$707,617	\$707,617	\$0	\$17,859,121	\$17,859,121	\$0
0	0	0	1,254,854	89,423	(1,165,431)	22,308,415	24,435,543	2,127,128
0	0	0	0	0	0	363,155	363,155	0
0	0	0	0	0	0	268,421	268,421	0
0	0	0	0	0	0	547,505	547,505	0
0	0	0	0	0	0	457,283	457,283	0
0	0	0	1,962,471	797,040	(1,165,431)	41,803,900	43,931,028	2,127,128
0	0	0	111,711	107,696	4,015	20,596,247	20,555,850	40,397
0	0	0	0	3,994	(3,994)	4,844,109	4,554,354	289,755
0	0	0	0	0	0	654,138	654,337	(199)
0	0	0	0	0	0	711,290	711,237	53
0	0	0	0	0	0	1,914,608	2,018,850	(104,242)
0	0	0	0	0	0	1,490,187	1,661,716	(171,529)
0	0	0	0	0	0	72,794	72,717	77
0	0	0	0	0	0	2,812,368	2,846,914	(34,546)
0	0	0	0	8,768	(8,768)	618,876	627,637	(8,761)
0	0	0	0	0	0	886,062	886,033	29
0	0	0	0	0	0	4,287,481	4,287,317	164
0	0	0	0	14,647	(14,647)	2,039,561	2,054,122	(14,561)
0	0	0	0	0	0	363,500	363,388	112
0	0	0	0	0	0	375,740	394,405	(18,665)
0	0	0	0	0	0	725,242	724,990	252
0	0	0	1,612,481	1,588,768	23,713	1,612,481	1,588,768	23,713
80,000	80,000	0	0	0	0	406,278	406,278	0
2,200	2,200	0	0	0	0	77,422	77,403	19
82,200	82,200	0	1,724,192	1,723,873	319	44,488,384	44,486,316	2,068
(82,200)	(82,200)	0	238,279	(926,833)	(1,165,112)	(2,684,484)	(555,288)	2,129,196
151,982	151,982	0	1,698,260	1,698,260	0	6,497,519	6,497,519	0
\$69,782	\$69,782	\$0	\$1,936,539	\$771,427	(\$1,165,112)	\$3,813,035	\$5,942,231	\$2,129,196

**HUBER HEIGHTS CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED JUNE 30, 2000**

	Proprietary Fund Type
	Enterprise
Operating Revenues:	
Charges for Services	\$1,725,664
Tuition & Fees	1,615
Total Operating Revenues	1,727,279
Operating Expenses:	
Salaries	841,002
Fringe Benefits	240,094
Purchased Services	17,438
Materials & Supplies	1,237,087
Depreciation	15,678
Other Operating Expenses	1,587
Total Operating Expenses	2,352,886
Operating Income (Loss)	(625,607)
Non-Operating Revenues (Expenses):	
Investment Revenue	6,251
Miscellaneous Revenue	200
Donated Commodities	144,514
Operating Grants - State & Local	20,984
Operating Grants - Federal	470,281
Total Non-Operating Revenues	642,230
Net Income	16,623
Retained Earnings, Beginning of Year - Restated	281,007
Retained Earnings, End of Year	\$297,630

See Accompanying Notes to the General-Purpose Financial Statements

**HUBER HEIGHTS CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED JUNE 30, 2000**

	Proprietary Fund Type
	Enterprise
Cash Flows from Operating Activities:	
Cash Received from Tuition & Fees	\$1,615
Cash Received from Charges for Services	1,724,738
Cash Payments for Personal Services	(1,105,086)
Cash Payments for Contract Services	(16,521)
Cash Payments for Supplies & Materials	(1,094,074)
Cash Payments for Other Expenses	(1,587)
Net Cash Provided (Used) by Operating Activities	(490,915)
Cash Flows from Non-Capital Financing Activities:	
Cash Received from Operating Grants	492,729
Cash Received from Miscellaneous Sources	200
Net Cash Provided (Used) by Non-Capital Financing Activities	492,929
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	(2,790)
Net Cash Used for Capital and Related Financing Activities	(2,790)
Cash Flows from Investing Activities:	
Investment Earnings	6,251
Net Cash Provided (Used) by Investing Activities	6,251
Net Increase (Decrease) in Cash and Cash Equivalents	5,475
Cash and Cash Equivalents at Beginning of Year	283,404
Cash and Cash Equivalents at End of Year	\$288,879
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	(\$625,607)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	15,678
Donated Commodities Used	144,514
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivables	(926)
(Increase) Decrease in Materials & Supplies Inventory	4,930
Increase (Decrease) in Accounts Payable	(5,611)
Increase (Decrease) in Accrued Wages & Benefits	(2,721)
Increase (Decrease) in Compensated Absences Payable	(21,269)
Increase (Decrease) in Deferred Revenue	97
Net Cash Provided (Used) by Operating Activities	(\$490,915)

See Accompanying Notes to the General-Purpose Financial Statements

This page intentionally left blank.

**HUBER HEIGHTS CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

1. REPORTING ENTITY AND BASIS OF PRESENTATION

Huber Heights City School 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 Wayne Township Local School District was formed in 1903 and operated as such until 1981 when the first official body designated as the Huber Heights City School District was formed.

The Huber Heights City School District operates under a locally-elected five-member Board form of government and provides educational services as authorized by its charter and further mandated by state and/or federal agencies. This Board controls the district's ten instructional/support facilities staffed by a full-time staff of 721 employees. There are 426 certificated employees including 22 administrators and 273 classified support staff including 5 administrators, who provide services to 7,288 students and other community members.

A. Reporting Entity

The reporting entity is comprised of the primary government and other organizations that are included to ensure that the financial statements of the School District are not misleading.

The primary government consists of all funds and departments which provide various services including instruction, student guidance, extracurricular activities, food service, preschool, educational media and care and upkeep of grounds and buildings. The operation of each of these activities is directly controlled by the Board of Education.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes for the organization. The District does not have any component units.

The District is associated with three organizations which are defined as jointly governed and one public entity risk pool. These organizations include the Metropolitan Dayton Educational Computer Association (MDECA), the Southwestern Ohio Educational Purchasing Cooperative, the Miami Valley Career Technical Center and the Southwestern Ohio Educational Purchasing Cooperative Employee Benefit Plan Trust.

B. Basis of presentation - Fund Accounting

The School District uses funds and account groups to report 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 School District functions or activities.

**HUBER HEIGHTS CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

1. REPORTING ENTITY AND BASIS OF PRESENTATION (Continued)

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary, and fiduciary.

1. Governmental Fund Types:

Governmental funds are those through which most governmental functions typically are financed. The acquisition, use and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the School District's governmental fund types:

General Fund

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

Special Revenue Fund

These funds are established to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or major capital projects) that are legally restricted to expenditure for specific purposes.

Debt Service Fund

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and other related costs.

Capital Projects Fund

The capital projects fund is used to account for financial resources to be used for the acquisition of major capital facilities other than those financed by proprietary funds and trust funds.

2. Proprietary Fund Types:

The proprietary funds are used to account for the School District's ongoing activities that are similar to those found in the private sector. The following is the School District's proprietary fund type:

**HUBER HEIGHTS CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

1. REPORTING ENTITY AND BASIS OF PRESENTATION (Continued)

Enterprise Funds

These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs expenses, including depreciation of providing services to the general public on a continuing basis be recovered or financed primarily through user charges or where it has been decided that a periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

3. Fiduciary Funds:

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governments and other funds. These include expendable trust and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

4. Account Groups:

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

General Fixed Assets Account Group

This account group is used to account for all general fixed assets of the School District other than those accounted for in proprietary or trust funds.

General Long-Term Obligations Account Group

This account group is used to account for all long-term indebtedness of the School District that is not a specific liability of the proprietary or trust funds.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

**HUBER HEIGHTS CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting

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

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e. net total assets) is segregated into contributed capital and retained earning components. Proprietary funds' operating statements present increases (e.g. revenues) and decreases (e.g. expenses) in net total assets.

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

All governmental fund types, expendable trust funds and agency funds are accounted for using the modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current year. The available period for the School District is sixty days after year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: tuition, grants and student fees.

The School District reports deferred revenues in its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In a subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Current and delinquent property taxes measurable as of June 30, 2000, whose availability is indeterminate and which are not intended to finance current period obligations, have been recorded as a receivable and deferred revenue. In the proprietary fund type, unused donated commodities are reported as deferred revenue.

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

**HUBER HEIGHTS CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized when they are earned and become measurable and expenses are recognized when incurred, if measurable. There were no unbilled service charges receivable at year end. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

C. Budgets and Budgetary Accounting

The major documents prepared are the tax budget, certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. 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 in the General Fund and fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

1. Tax Budget

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

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

2. Estimated Resources

By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states that projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The Revised budget then serves as the basis for the appropriation measure. On or about July 1, the Certificate is amended to include unencumbered cash balances from the preceding year. The certificate may be further amended during the year if the fiscal officer determines that the revenues collected is greater or less than the current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during the current fiscal year.

**HUBER HEIGHTS CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Appropriations

On or about October 1, the annual appropriation must be legally enacted by the Board of Education at fund, function, level of expenditures in the General Fund and all other funds at the fund level, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The Appropriation resolution, by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation total at any level of control. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent Certificate of Estimated Resources. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

4. Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP Budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriation. On the GAAP basis, encumbrances outstanding at year end are reported as reservations of fund balances for subsequent-year expenditure for governmental funds and reported in the notes to the financial statements for proprietary funds.

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

D. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled in a central bank account with the exception of the proprietary fund type which is maintained in a separate account. Monies are maintained in these accounts or temporarily used to purchase short term investments. Each fund's interest in the pool is presented on the balance sheet as "Equity in Pooled Cash and Investments".

The District utilizes a financial institution to service bonded debt as principal and interest payments come due. The balance in this account is presented on the balance sheet as "Cash with Fiscal Agents".

Investments are stated at fair value as determined by quoted market prices. For purposes of the combined statement of cash flows, investments with original maturities of three months or less and investments of the cash management pool are considered cash equivalents.

**HUBER HEIGHTS CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Under existing Ohio statutes, all investment earnings are distributed to the General Fund, Food Service Fund, and certain trust funds.

E. Restricted Cash

Restricted cash in the general fund represents cash and cash equivalents set aside to establish reserves required by state for budget stabilization, textbooks, and capital maintenance. The budget stabilization reserve can be used only after receiving approval from the State Superintendent of Public Instruction. At June 30, 2000 restricted cash equaled \$1,395,240.

F. Inventory

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. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

G. Fixed Assets and Depreciation

The fixed asset values were initially determined at June 30, 1995 assigning original acquisition costs when such information was available. In cases where information supporting original costs was not available, estimated historical costs were developed. For certain fixed assets, the estimates were determined by indexing estimated current costs back to the estimated year of acquisition. Donated fixed assets are capitalized at fair value on the date donated. Interest incurred during the construction of fixed assets is capitalized. The District does not have any infrastructure.

General Fixed Assets

General fixed assets (fixed assets used in governmental fund type operations) 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 related assets are reported in the general fixed assets account group. Assets in the general fixed assets account group are not depreciated.

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 which extend the useful life or increase the capacity or operating efficiency are capitalized at cost in the general fixed assets account group.

**HUBER HEIGHTS CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Fund Fixed Assets

Fixed assets associated with the enterprise funds are accounted for in those funds. Depreciation is calculated using the straight line method over the assets' estimated useful life. The assets of the enterprise funds are depreciated on the following basis:

Equipment	5-30 years
-----------	------------

H. Compensated Absences

Vacation leave accumulated by employees is accrued as a liability as the benefits are earned when both of these conditions are met:

1. The employees' rights to receive compensation are attributable to services already rendered.
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.

Vacation benefits are accrued as a liability as the benefits are earned if the employees rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy.

For governmental funds, the School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The School District records a liability for accumulated unused sick leave for classified employees after 20 years of current service with the School District and for certified employees and administrators after 20 years of service. The current portion of unpaid compensated absences is the amount expected to be paid using available expendable 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 obligations account group. In the proprietary funds, the entire amount of compensated absences is reported as a fund liability.

I. Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgements, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Bonds, capital leases and long-term loans are reported as a liability of the general long-term obligations account group until due.

Long-term liabilities and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

**HUBER HEIGHTS CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Fund Balance Reserves

The School District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventories of supplies and materials, and budget set asides.

K. Intergovernmental Revenues

Some grants are made based upon formulas. The use of such grant monies is typically restricted more in form than in substance. Accordingly, The GASB's Codification of Governmental Accounting and Financial Reporting Standards states that revenues related to entitlements should be recognized as soon as they are susceptible to accrual (i.e., as soon as they are both measurable and available).

The concept of "availability" applies only to entitlements and shared revenues associated with the current fiscal period. Entitlements or shared revenues associated with the subsequent fiscal year are not recognized as revenue of the current fiscal year, even if they are collected within the predetermined availability period. Entitlements and shared revenues should not be recognized in advance of the period they are intended to finance.

Revenues related to expenditure-driven grants are recognized when the qualifying expenditure is incurred and other related requirements fulfilled, regardless of the timing of collections.

L. Contributed Capital

Contributed capital represents resources from other funds, other governments, and private sources provided to proprietary funds that is not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end.

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1996 the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.

M. Total Columns on General Purpose Financial Statements

Total columns on the General Purpose Financial Statements overview 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.

**HUBER HEIGHTS CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

3. BUDGET TO GAAP RECONCILIATION

A. Budgetary Basis of Accounting

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis, as provided by law requires accounting for certain transactions on the basis of cash receipts, disbursements, appropriations, and encumbrances. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations.

The Combined Statement of Revenue, Expenditures and Changes in Fund Balances, Budget and Actual (Budget Basis), All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (Budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year-end encumbrances are treated as expenditures/expenses (budget basis) rather than as a reservation of fund balance (GAAP basis).

The adjustments necessary to convert the results of operations for the year ended June 30, 2000 from the GAAP basis to the budget basis are as follows:

	Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses Governmental Fund Types			
	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund
GAAP Basis	\$2,753,630	\$135,274	(\$82,200)	\$33,882
Revenue Accruals, net	44,138	(72,822)	-0-	7,371
Expenditure Accruals, net	(255,482)	61,293	-0-	52,930
Encumbrances	(2,026,667)	(185,619)	-0-	(1,021,016)
Budget Basis	<u>\$ 515,619</u>	<u>(\$ 61,874)</u>	<u>(\$82,200)</u>	<u>(\$ 926,833)</u>

4. DEPOSITS AND INVESTMENTS

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

Category 1 consists of "active" monies, those monies required to be kept in a "cash" or "near cash" status for immediate use by the District. Such monies must be maintained either as cash in the School Treasury, in depository accounts payable or withdrawals on demand, including negotiable order or withdrawal (NOW) accounts, or in money market deposit accounts.

**HUBER HEIGHTS CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

Category 2 consist of "inactive" monies, those monies not required for use within the current two-year period of designation of depositories. Inactive monies may be deposited or invested as certificates of deposit maturing not later than the end of the current period of designation of depositories, or as savings or deposit accounts including, but not limited to, passbook accounts.

Category 3 consists of "interim" monies, those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

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

1. United States treasury notes, bills, bonds or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited, 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. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio).
7. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

Protection of School District cash and investments is provided by Federal Deposit Insurance Corporation, 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 monies deposited with the institution.

**HUBER HEIGHTS CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation or transfer from the custodian.

Deposits: At year end, the carrying amount of the School District's deposits was \$418,448 and the bank balance was \$480,239. Of the bank balance \$191,412 was covered by federal deposit insurance. The remaining amounts were uninsured and uncollateralized as defined by GASB Statement No. 3 because the securities held as collateral by the financial institutions or their trust departments or agencies were in the financial institutions' names. As authorized by state statute, the pledging bank has established an investment and securities pool to collateralize all public deposits.

Investments: GASB Statement No. 3 "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" requires that the School District's investments be classified in categories of risk. Category 1 includes investments that are insured or registered or for which the securities are held by the District. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty'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 counterparty or by its trust department or agent but not in the District's name.

	Category	Carrying Value (Fair Value)
Dayton Foundation	2	\$ 15,437
Repurchase Agreements	3	5,185,948
Money Market	1	1,500,000
U.S. Treasury Notes and Bonds	1	89,638
Government Agencies	1	1,767,894
Commercial Paper	3	<u>663,424</u>
		<u>\$9,222,341</u>

5. PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be re-evaluated every six years. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by July 20.

**HUBER HEIGHTS CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

5. PROPERTY TAXES (Continued)

Taxes collected on tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values listed on December 31 of the prior year, and at tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payments is due April 30; if paid semi-annually, the first payment is due April 30 with the remainder payable by September 20.

Public utility real and tangible 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. Certain public utility tangible personal property currently is assessed at 88 percent of its true value; public utility real property is assessed at 35 percent of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the Huber Heights City School District. The County Auditor periodically remits to the District its portion of the taxes collected. The assessed values upon which the current fiscal year taxes were collected are as follows:

Tangible Personal and Public Utility Personal	\$ 52,003,835
Public Utility Real and Real Estate	<u>545,218,910</u>
 Total Assessed Property Value	 <u><u>\$597,222,745</u></u>

Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of June 30, 2000. Although total property tax collection for the next year are measurable, only the amount available as an advance at June 30 is intended to finance current year operation. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30 was \$318,671 and is recognized as revenue

6. FIXED ASSETS

Changes in general fixed assets during the fiscal year ended June 30, 2000, were as follows:

	Balance <u>July 1</u>	Additions	Deletions	Balance <u>June 30</u>
Land	\$ 2,076,912	\$ 0	\$ 6,015	\$ 2,070,897
Building	23,599,173	0	0	23,599,173
Equipment	<u>6,987,122</u>	<u>24,845</u>	<u>54,061</u>	<u>6,957,906</u>
Totals	<u><u>\$32,663,207</u></u>	<u><u>\$24,845</u></u>	<u><u>\$60,076</u></u>	<u><u>\$32,627,976</u></u>

**HUBER HEIGHTS CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

6. FIXED ASSETS (Continued)

A summary of the Proprietary Fund Fixed Assets at June 30, 2000, follows:

Furniture and Equipment	\$649,703
Less Accumulated Depreciation	<u>(455,418)</u>
Net Fixed Assets - Proprietary Fund	<u>\$194,285</u>

7. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 215 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit.

B. Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to most employees through CoreSource. (Great American Life Insurance Company)

C. Early Retirement Incentive

The School District provides an Early Retirement incentive program. Participation is open to all employees.

Certificated employees must retire in the first year in which they become eligible to retire. Notice must be given to the Board of Education no later than April 1, with a retirement date of no later than August 1. The incentive is equal to 50 percent of the employee's accumulated sick leave, not to exceed \$21,218 per agreement.

Classified employees must retire in the first year in which they become eligible to retire. Notice must be given to the Board of Education no later than April 1, with a retirement date of July 1. The incentive is equal to 50 percent of the employee's accumulated sick leave, not to exceed \$7,500 or \$8,000 depending on bargaining unit.

**HUBER HEIGHTS CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

8. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The Huber Heights City School 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 System Board. SERS provides basic retirement, benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. 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 Huber Heights City School District is required to contribute 14 percent; 10.5 percent was the portion to fund pension obligations. The contribution rates are not determined actuarially, but are established by SERS's Retirement Board within the rates allowed by State statute. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$789,894, \$748,296 and \$665,838 respectively

B. State Teachers Retirement System

The Huber Heights City School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement System 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 Ohio Rev. Code Chapter 3307. STRS issues a publicly available financial report which includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Board Street, Columbus, Ohio 43215-3771

Plan members are required to contribute 9.3 percent of their annual covered salary and the Huber Heights City School District is required to contribute 14 percent; 12 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$3,058,992, \$3,066,816, and \$2,834,326 respectively.

9. POSTEMPLOYMENT BENEFITS

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

**HUBER HEIGHTS CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

9. POSTEMPLOYMENT BENEFITS (Continued)

For STRS, all benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The board currently allocates employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund for which payments for health care benefits are paid. For the School District, this amount equaled \$1,747,995 during the fiscal year. In the year ended June 30, 1999, eligible benefit recipients totaled 95,796. For the fiscal ended June 30, 1999, net health care costs paid by STRS were \$249,929,000.

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 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 this fiscal year, employer contributions to fund health care benefits were 6.3 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the members pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay has been established at \$12,400. For the School District, the amount to fund health care benefits, including surcharge, equalled \$355,452 during the fiscal year. The number of participants currently receiving health care benefits is approximately 51,000. For the fiscal year ended June 30, 1999, net health care costs paid by SERS were \$126,380,984.

10. RISK MANAGEMENT

The School 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 School District contracted with Indiana Insurance Company for building and property insurance. This policy has a limit of insurance in the amount of \$76,174,852 for property. Property has a \$1,000 deductible. Vehicle insurance is covered by Indiana Insurance for General liability insurance is under Indiana Insurance. The base policy has a \$1,000,000 per occurrence and a \$2,000,000 aggregate limit. An additional "umbrella" policy has \$10,000,000 per occurrence and \$10,000,000 aggregate limit. The superintendent, treasurer, messengers, athletic director and all principals are bonded.

The District is a member of the Southwestern Ohio Educational Purchasing Cooperative (SOEPC). The cooperative contracts with Comp Management to provide an insurance purchasing pool for workers compensation. The intent of the pool is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the pool. 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 pool. Each participant pays this rate. Total savings then calculated and each participant's individual performance is compared to the overall savings percentage of the pool. A participant will then either receive money from or be required to contribute to the pool. This equity pooling arrangement insures that each participant shares equally in the overall performance of the pool. Participation in the pool is limited to school districts that can meet the pool's selection criteria. Comp Management provides administrative, cost control and actuarial services to the SOEPC.

The School District has elected to provide employee medical benefits through United Health Care as part of an insurance purchasing pool through the SOEPC. The employees share the cost of the monthly premium with the board for single and family plans. The board pays 90 percent of the premium.

The School District provides life insurance to employees through Great American Life Insurance.

**HUBER HEIGHTS CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

11. CAPITALIZED LEASES - LESSEE DISCLOSURE

In prior years the District has entered into lease agreements for copiers. These leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service in the Combined Financial Statements for the governmental funds. These expenditures are reflected as function expenditures on a budgetary basis. General fixed assets acquired by lease have been capitalized in the general fixed asset account group in an amount equal to the present value of the future minimum lease payments at the time of acquisition. These are classified as equipment in the general fixed asset account group. A corresponding liability was recorded in the general long-term debt account group.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2000:

<u>General Fiscal Year Ending June 30</u>	<u>Long-Term Debt</u>
2001	\$42,645
2002	42,645
2003	42,645
2004	<u>42,799</u>
Total Minimum Lease Payments	\$170,734
Less: Amount Representing Interest	<u>(165)</u>
Present Value of Minimum Lease Payments	<u><u>\$170,569</u></u>

12. LONG-TERM OBLIGATIONS

Long term obligations at June 30, 2000, were as follows:

General Long-Term Obligations

	Balance July 1	Increase	Decrease	Balance June 30
Accrued Wages/Benefits	\$ 224,948	\$ 55,102	\$ 0	\$ 280,050
Capital Lease Payable	278,988	0	108,419	170,569
Compensated Absences	2,517,025	145,401	0	2,662,426
Notes Payable	1,675,859	0	326,278	1,349,581
General Obligation Bonds	<u>80,000</u>	<u>0</u>	<u>80,000</u>	<u>0</u>
Totals	<u><u>\$4,776,820</u></u>	<u><u>\$200,503</u></u>	<u><u>\$514,697</u></u>	<u><u>\$4,462,626</u></u>

The general obligation bond issues will be paid through the debt service fund from property taxes collected by the County Auditor. The energy loan is being repaid from the General Fund.

**HUBER HEIGHTS CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

12. LONG-TERM OBLIGATIONS (Continued)

The capital lease obligation will be repaid from the General Fund. Compensated absences will be paid from the fund from which the person is paid if the funds are available, otherwise, from the General Fund.

The accrued wages and benefits represents the long-term portion of the pension obligations payable to the School Employees Retirement System. This liability will be paid from the General and Enterprise Funds.

Principal and interest requirements to retire the District's long-term obligations outstanding at June 30, 2000, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$249,763	\$60,884	\$310,647
2002	253,420	48,693	302,113
2003	187,259	38,478	225,737
2004	191,287	29,150	220,437
2005	184,202	19,624	203,826
2006	94,550	12,226	106,776
2007	94,550	7,569	102,119
2008	<u>94,550</u>	<u>2,911</u>	<u>97,461</u>
Total	<u>\$1,349,581</u>	<u>\$219,535</u>	<u>\$1,569,116</u>

13. SEGMENT INFORMATION

The School District maintains three Enterprise Funds to account for the operations of Food Service, Uniform School Supplies, and Latchkey. The table below reflects in a summarized format the more significant financial data relating to the Enterprise Funds of the District for the fiscal year ended June 30, 2000.

	<u>Food Service</u>	<u>Uniform Supplies</u>	<u>Latchkey</u>	<u>Total</u>
Operating Revenues	\$1,416,528	\$185,900	\$124,851	\$1,727,279
Operating Expenses Before Depreciation	2,045,441	154,736	137,031	2,337,208
Depreciation Expense	15,678	-0-	-0-	15,678
Operating Income (Loss)	(644,591)	31,164	(12,180)	(625,607)
Donated Commodities	144,514	-0	-0-	144,514
Operating Grants	491,265	-0-	-0-	491,265
Net Income (Loss)	(2,361)	31,164	(12,180)	16,623
Net Working Capital	(27,762)	119,308	91,799	183,345
Total Assets	349,755	121,205	100,825	571,785
Total Liabilities	183,232	1,897	9,026	194,155
Total Equity	166,523	119,308	91,799	377,630

**HUBER HEIGHTS CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

14. JOINTLY GOVERNED ORGANIZATIONS

Metropolitan Dayton Educational Computer Association

The School District is a member of the Metropolitan Dayton Educational Computer Association (MDECA), which is a computer consortium of area school districts sharing computer resources. MDECA is an association of public school districts in a geographical area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative instructional functions among member districts. The Board of MDECA consists of one representative from each of the participating members. Each member pays an annual membership fee plus any other fees for services performed by the consortium.

Southwestern Ohio Educational Purchasing Cooperative

The School District is a member of the Southwestern Ohio Educational Purchasing Cooperative (SOEPC). The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools within geographical boundaries as defined by the SOEPC and to serve as a resource to member districts on matters related to business operations. The SOEPC elects one of its members as Chairperson and another as Vice-Chairperson. An executive committee is comprised of eleven members which include the Chairperson and Vice-Chairperson and a representative from the Fiscal Agent.

Each new member pays an initiation fee in addition to the annual membership fee and other appropriate assessments.

Miami Valley Career Technical Center

The Miami Valley Career Technical Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of seventeen members elected from twenty seven participating school districts. The Board possesses its own budgeting and taxing authority.

15. INSURANCE PURCHASING POOL

Southwestern Ohio Educational Purchasing Cooperative Employee Benefit Plan Trust - The EPC Benefit Plan Trust (the Plan) is a group purchasing pool consisting of public school districts who are members of the Southwestern Ohio Educational Purchasing Cooperative. The purpose of a group purchasing pool is for members to pool funds or resources to purchase group insurance products to provide health benefits to participants at a lower rate than if the individual districts acted independently. Each district pays a monthly premium to the Trust fund for insurance coverage which is provided by Anthem Blue Cross or United Healthcare. Districts may also contribute monthly to the Trust fund for dental benefits provided through a self-funded dental plan administered by CoreSource. The Plan is governed by a Board of Trustees elected in accordance with the Trust Agreement and voted on by participating EPC member districts. In Fiscal year 2000, The Huber Heights City School District contributed \$2,846,508 which represented 6.30 percent of total contributions to the Trust. Financial information can be obtained from Barbara Coriell, who serves as administrator, at EPC Benefits Office, 1831 Harshman Road, Dayton, Ohio 45424.

**HUBER HEIGHTS CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

16. CONTINGENT LIABILITIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditures 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 the management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at year end.

B. Litigation

The School District's attorney estimates that any potential claims against the District not covered by insurance resulting from all other litigation would not materially affect the financial statements of the District.

17. UNCERTAINTIES

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 Ohio General Assembly 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 School District. During the fiscal year ended June 30, 2000, the School District received \$20,434,321 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 Country 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.

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 School District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program (these programs) and on its financial operations.

**HUBER HEIGHTS CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

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 (cash-basis) was as follows:

	Textbooks	Capital Acquisition	Budget Stabilization	Total
Set-aside Cash Balance as of June 30, 1999	\$293,135	\$ 80,000	\$436,505	\$ 809,640
Current Year Set-aside Requirement	905,288	905,288	301,763	2,112,339
Current Year Offsets	0	(655,258)	(167,403)	(822,661)
Qualifying Disbursements	<u>(374,048)</u>	<u>(930,915)</u>	<u>0</u>	<u>(1,304,963)</u>
Total	824,375	(600,885)	570,865	794,355
Balance Carried Forward to Fiscal Year 2001	\$824,375	0	\$570,865	
Amount Restricted for Budget Stabilization				<u>\$1,395,240</u>
Total Restricted Assets				<u>\$1,395,240</u>

Offset Credits and Qualifying Expenditures for capital maintenance reserve exceeded the required set-aside. The total amount to be set-aside is \$1,395,240.

19. PRIOR YEAR ADJUSTMENT

The beginning fixed asset balance of the general fixed asset account group and the beginning retained earnings balance of the food service enterprise fund have been adjusted for corrections to the fixed asset detail as follows:

	<u>Enterprise Fund</u>	<u>General Fixed Assets Account Group</u>
Balance previously stated, June 30, 1999	\$272,629	\$31,180,831
Prior period adjustment	<u>(8,378)</u>	<u>1,482,376</u>
As restated, July 1, 1999	<u>\$281,007</u>	<u>\$32,663,207</u>

HUBER HEIGHTS CITY SCHOOL DISTRICT
MONTGOMERY COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED June 30, 2000

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program		10.550	\$0	\$144,611	\$0	\$144,514
School Breakfast Program	05-PU-0000	10.553	\$39,782		\$39,782	
National School Lunch Program	03-PU-0000	10.555	409,017		409,017	
Special Milk Program	02-PU-0000	10.556	1,397		1,397	
Summer Food Service Program	23-ML-0000	10.559	15,882		15,882	
Total U.S. Department of Agriculture - Nutrition Cluster			466,078	144,611	466,078	144,514
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States (IDEA Part B)	6B-SF-2000	84.027	393,892		395,010	
Special Education - Preschool Grant	PG-S1-2000	84.173	25,021		34,118	
Total Special Education Cluster			418,913	0	429,128	0
Grants to Local Educational Agencies (ESEA Title I)	C1-S1-2000	84.010	336,198		284,815	
Immigrant Grant	EI-S1-0000	84.162	3,332		0	
Innovative Educational Program Strategies	C2-S1-2000	84.298	60,746		41,549	
Title VI - R Classroom Reduction	CR-S1-2000	84.340	61,274		38,581	
Drug-Free Schools Grant	DR-S1-2000	84.186	18,822		13,847	
Eisenhower Grant	MS-S1-2000	84.281	23,270		21,995	
Goals 2000	G2-S2-9999	84.276	0		8,828	
<i>Passed Through Miami Valley Career Technology Center</i>						
Vocational Education Basic Grants to States		84.048	0		200	
Direct Receipts (U. S. Department of Education)						
Impact Aid - Maintenance and Operations		84.041	17,222		19,089	
Total Department of Education			939,777	0	858,032	0
<u>DEPARTMENT OF DEFENSE</u>						
Troops to Teachers			15,328		25,820	
Totals			\$1,421,183	\$144,611	\$1,349,930	\$144,514

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

**HUBER HEIGHTS CITY SCHOOL DISTRICT
MONTGOMERY COUNTY
FISCAL YEAR ENDED JUNE 30, 2000**

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A: SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B: NUTRITION CLUSTER

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2000, the District had no significant food commodities in inventory.

NOTE C: TITLE VIII - IMPACT AID

Cash receipts from the U.S. Department of Education are commingled with State grants. It is assumed that federal monies were expended first.

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

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

Huber Heights City School District
Montgomery County
5954 Longford Road
Huber Heights, Ohio 45424

To the Board of Education:

We have audited the financial statements of Huber Heights City School District, (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated December 21, 2000. 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 the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 21, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to management of the District in a separate letter dated December 21, 2000.

Huber Heights City School District
Montgomery County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

Jim Petro
Auditor of State

December 21, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO ITS MAJOR
FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Huber Heights City School District
Montgomery County
5954 Longford Road
Huber Heights, Ohio 45424

To the Board of Education:

Compliance

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

We conducted our audit of compliance in accordance with 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 occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

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

Internal Control Over Compliance

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

**Internal Control Over Compliance
(Continued)**

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. We noted one matter involving the internal control over federal compliance that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 21, 2000.

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

Jim Petro
Auditor of State

December 21, 2000

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

**HUBER HEIGHTS CITY SCHOOL DISTRICT
MONTGOMERY COUNTY
JUNE 30, 2000**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Special Education Cluster: Special Education Grants to States (IDEA) Part B) CFDA #84.027 Special Education Preschool Grant CFDA #84.173
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

HUBER HEIGHTS CITY SCHOOL DISTRICT

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 13, 2001**