



**OAK HILLS LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

OAK HILLS LOCAL SCHOOL DISTRICT
HAMILTON COUNTY

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

250 West Court Street
Suite 150 E
Cincinnati, Ohio 45202
Telephone 513-361-8550
800-368-7419
Facsimile 513-361-8577
www.auditor.state.oh.us

INDEPENDENT ACCOUNTANTS' REPORT

Oak Hills Local School District
Hamilton County
6479 Bridgetown Road
Cincinnati, Ohio 45248

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Oak Hills Local School District, Hamilton County, Ohio (the District), as of and for the fiscal 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 District as of June 30, 2000, and the results of its operations and cash flows of its proprietary and Nonexpendable fund types for the fiscal year then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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 process 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

January 8, 2001

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**Oak Hills Local School District
Hamilton County**

**Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2000**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits				
Assets:				
Equity in Pooled Cash and Investments	\$18,072,506	\$986,809	\$225,699	\$4,043,575
Restricted Equity in Pooled Cash and Investments	680,716	0	0	0
Cash and Investments in Segregated Accounts	640,331	0	0	0
Receivables:				
Taxes	23,025,208	0	3,672,170	0
Intergovernmental	226	111,826	0	0
Accounts	423,938	2,102	0	0
Accrued Interest	0	0	0	0
Interfund Loan Receivable	675,000	0	0	0
Inventory	50,299	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	\$43,568,224	\$1,100,737	\$3,897,869	\$4,043,575

<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
		<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
<u>Enterprise</u>	<u>Trust and Agency</u>			
\$248,018	\$1,176,572	\$0	\$0	\$24,753,179
0	0	0	0	680,716
0	0	0	0	640,331
0	0	0	0	26,697,378
13,087	0	0	0	125,139
78	216	0	0	426,334
0	2,041	0	0	2,041
0	0	0	0	675,000
20,473	0	0	0	70,772
618,008	0	46,164,679	0	46,782,687
0	0	0	761,699	761,699
0	0	0	53,207,217	53,207,217
<u>\$899,664</u>	<u>\$1,178,829</u>	<u>\$46,164,679</u>	<u>\$53,968,916</u>	<u>\$154,822,493</u>

(Continued)

**Oak Hills Local School District
Hamilton County**

**Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2000
(Continued)**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Liabilities, Fund Equity & Other Credits				
Liabilities:				
Accounts Payable	\$205,327	\$9,223	\$0	\$128,232
Accrued Wages & Benefits	4,279,393	103,000	0	0
Compensated Absences Payable	345,725	4,230	0	0
Interfund Loan Payable	0	100,000	550,000	0
Deferred Revenue	15,580,426	0	2,586,170	0
Due to Students	0	0	0	0
Retainage Payable	640,331	0	0	0
Arbitrage Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Notes Payable	0	0	0	0
	<u>21,051,202</u>	<u>216,453</u>	<u>3,136,170</u>	<u>128,232</u>
Total Liabilities				
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:				
Reserved for Encumbrances	520,167	176,520	0	199,629
Reserved for Property Tax Advances	7,321,600	0	1,086,000	0
Reserved for Inventory	50,299	0	0	0
Reserved for Endowments	0	0	0	0
Reserved for Set-Asides	443,059	0	0	0
Unreserved:				
Designated for Set-Asides	237,657	0	0	0
Undesignated	13,944,240	707,764	(324,301)	3,715,714
	<u>22,517,022</u>	<u>884,284</u>	<u>761,699</u>	<u>3,915,343</u>
Total Fund Equity (Deficit) & Other Credits				
Total Liabilities, Fund Equity & Other Credits	<u>\$43,568,224</u>	<u>\$1,100,737</u>	<u>\$3,897,869</u>	<u>\$4,043,575</u>

See accompanying notes.

<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
		<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
<u>Enterprise</u>	<u>Trust and Agency</u>			
\$226	\$4,600	\$0	\$0	\$347,608
121,689	0	0	243,114	4,747,196
26,853	0	0	2,790,578	3,167,386
25,000	0	0	0	675,000
11,336	0	0	0	18,177,932
0	62,172	0	0	62,172
0	0	0	0	640,331
0	0	0	157,385	157,385
0	0	0	50,325,000	50,325,000
0	0	0	452,839	452,839
<u>185,104</u>	<u>66,772</u>	<u>0</u>	<u>53,968,916</u>	<u>78,752,849</u>
0	0	46,164,679	0	46,164,679
646,705	0	0	0	646,705
67,855	0	0	0	67,855
0	0	0	0	896,316
0	0	0	0	8,407,600
0	0	0	0	50,299
0	947,874	0	0	947,874
0	0	0	0	443,059
0	0	0	0	237,657
0	164,183	0	0	18,207,600
<u>714,560</u>	<u>1,112,057</u>	<u>46,164,679</u>	<u>0</u>	<u>76,069,644</u>
<u>\$899,664</u>	<u>\$1,178,829</u>	<u>\$46,164,679</u>	<u>\$53,968,916</u>	<u>\$154,822,493</u>

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**Oak Hills Local School District
Hamilton County**

**Combined Statement of Revenues, Expenditures
And Changes in Fund Balance
All Governmental Fund Types and Expendable Trust Fund
For the Fiscal Year Ended June 30, 2000**

	<u>Governmental Fund Types</u>				<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Revenues:						
Taxes	\$22,887,557	\$0	\$3,230,035	\$0	\$0	\$26,117,592
Intergovernmental	18,578,916	2,954,308	403,096	21,952	0	21,958,272
Investment	1,791,286	18,578	0	16,649	7,539	1,834,052
Tuition & Fees	696,672	0	0	0	0	696,672
Extracurricular Activities	191,548	623,041	0	0	11,640	826,229
Miscellaneous	2,003,470	189,789	0	459,492	61,309	2,714,060
Total Revenues	46,149,449	3,785,716	3,633,131	498,093	80,488	54,146,877
Expenditures:						
Current:						
Instruction:						
Regular	22,265,823	235,821	0	246,923	0	22,748,567
Special	3,888,754	274,108	0	0	0	4,162,862
Vocational	220,367	0	0	0	0	220,367
Other	3,350	0	0	0	0	3,350
Support Services:						
Pupils	1,900,060	453,589	0	0	64	2,353,713
Instructional Staff	1,864,772	409,921	0	0	0	2,274,693
Board of Education	133,235	0	0	0	0	133,235
Administration	3,565,912	134,984	0	0	0	3,700,896
Fiscal	855,398	0	40,864	0	0	896,262
Business	260,672	0	0	0	0	260,672
Operation & Maintenance of Plant	4,005,492	9,852	0	0	0	4,015,344
Pupil Transportation	1,515,989	0	0	0	0	1,515,989
Central	175,583	906	0	0	19,833	196,322
Operation of Non-Instructional Services	16,425	1,626,586	0	0	59,466	1,702,477
Extracurricular Activities	452,813	516,042	0	0	8,482	977,337
Capital Outlay	472,931	0	0	15,142,779	0	15,615,710
Debt Service:						
Principal Retirement	0	0	366,271	0	0	366,271
Interest & Fiscal Charges	0	0	2,774,814	0	0	2,774,814
Total Expenditures	41,597,576	3,661,809	3,181,949	15,389,702	87,845	63,918,881
Excess of Revenues Over (Under) Expenditures	4,551,873	123,907	451,182	(14,891,609)	(7,357)	(9,772,004)
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	14,751	145	0	18,000	0	32,896
Operating Transfers In	3,985	0	509,786	0	0	513,771
Operating Transfers Out	(509,786)	0	0	0	(3,985)	(513,771)
Total Other Financing Sources (Uses)	(491,050)	145	509,786	18,000	(3,985)	32,896
Excess of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	4,060,823	124,052	960,968	(14,873,609)	(11,342)	(9,739,108)
Fund Balance, Beginning of Year	18,457,141	760,232	(199,269)	18,788,952	173,484	37,980,540
Increase (Decrease) in Reserve for Inventory	(942)	0	0	0	0	(942)
Fund Balance, End of Year	\$22,517,022	\$884,284	\$761,699	\$3,915,343	\$162,142	\$28,240,490

See accompanying notes.

**Oak Hills Local School District
Hamilton 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**

	<u>General</u>			<u>Special Revenue</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Revenues:						
Taxes	\$23,179,159	\$23,397,775	\$190,419	\$0	\$0	\$0
Intergovernmental	18,591,583	18,591,583	0	2,911,552	2,852,021	(59,531)
Investment	1,791,286	1,791,286	0	18,578	18,578	0
Tuition & Fees	698,440	698,440	0	0	0	0
Extracurricular Activities	191,548	191,548	0	623,046	623,046	0
Miscellaneous	2,306,450	2,306,450	0	188,259	188,259	0
Total Revenues	46,758,466	46,977,082	190,419	3,741,435	3,681,904	(59,531)
Expenditures:						
Current:						
Instruction:						
Regular	22,242,698	22,242,698	0	258,340	258,340	0
Special	3,838,152	3,838,152	0	286,430	286,430	0
Vocational	232,566	232,566	0	0	0	0
Other	5,450	5,450	0	0	0	0
Support Services:						
Pupils	1,848,762	1,848,762	0	478,566	478,566	0
Instructional Staff	1,834,653	1,834,653	0	421,969	421,969	0
Board of Education	136,944	136,944	0	0	0	0
Administration	3,346,561	3,346,561	0	143,135	143,135	0
Fiscal	837,274	837,274	0	0	0	0
Business	274,174	274,174	0	0	0	0
Operation & Maintenance of Plant	4,256,535	4,256,535	0	9,852	9,852	0
Pupil Transportation	1,575,977	1,575,977	0	0	0	0
Central	178,700	178,700	0	906	906	0
Operation of Non-Instructional Services	16,463	16,463	0	1,692,261	1,687,588	4,673
Extracurricular Activities	441,251	441,251	0	549,958	549,958	0
Capital Outlay	651,437	650,600	837	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest & Fiscal Charges	0	0	0	0	0	0
Total Expenditures	41,717,597	41,716,760	837	3,841,417	3,836,744	4,673
Excess (Deficiency) of Revenues Over Under Expenditures	5,040,869	5,260,322	219,453	(99,982)	(154,840)	(41,135)
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	14,751	14,751	0	145	145	0
Operating Transfers In	4,186	4,186	0	6,024	6,024	0
Operating Transfers Out	(509,786)	(509,786)	0	(6,024)	(6,024)	0
Advances In	59,000	59,000	0	100,000	100,000	0
Advances Out	(675,000)	(675,000)	0	(9,000)	(9,000)	0
Total Other Financing Sources (Uses)	(1,106,849)	(1,106,849)	0	91,145	91,145	0
Excess of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	3,934,020	4,153,473	219,453	(8,837)	(63,695)	(41,135)
Fund Balance, Beginning of Year (Includes Prior Year Encumbrances Appropriated)	14,590,776	14,514,586	(76,190)	898,597	864,763	(33,834)
Fund Balance, End of Year	\$18,524,796	\$18,668,059	\$143,263	\$889,760	\$801,068	(\$88,692)

See accompanying notes.

Debt Service			Capital Projects			Totals (Memorandum Only)		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$3,361,673	\$3,171,035	(\$190,638)	\$0	\$0	\$0	\$26,540,832	\$26,568,810	\$27,978
45,975	403,096	372,548	22,647	21,952	(695)	21,571,757	21,868,652	296,895
0	0	0	17,176	16,649	(527)	1,827,040	1,826,513	(527)
0	0	0	0	0	0	698,440	698,440	0
0	0	0	0	0	0	814,594	814,594	0
0	0	0	474,041	459,492	(14,549)	2,968,750	2,954,201	(14,549)
<u>3,407,648</u>	<u>3,574,131</u>	<u>166,483</u>	<u>513,864</u>	<u>498,093</u>	<u>(15,771)</u>	<u>54,421,413</u>	<u>54,731,210</u>	<u>309,797</u>
0	0	0	246,923	246,923	0	22,747,961	22,747,961	0
0	0	0	0	0	0	4,124,582	4,124,582	0
0	0	0	0	0	0	232,566	232,566	0
0	0	0	0	0	0	5,450	5,450	0
0	0	0	0	0	0	2,327,328	2,327,328	0
0	0	0	0	0	0	2,256,622	2,256,622	0
0	0	0	0	0	0	136,944	136,944	0
0	0	0	0	0	0	3,489,696	3,489,696	0
40,864	40,864	0	0	0	0	878,138	878,138	0
0	0	0	0	0	0	274,174	274,174	0
0	0	0	0	0	0	4,266,387	4,266,387	0
0	0	0	0	0	0	1,575,977	1,575,977	0
0	0	0	0	0	0	179,606	179,606	0
0	0	0	0	0	0	1,708,724	1,704,051	4,673
0	0	0	0	0	0	991,209	991,209	0
0	0	0	19,107,902	19,107,902	0	19,759,339	19,758,502	837
366,271	366,271	0	0	0	0	366,271	366,271	0
<u>2,774,814</u>	<u>2,774,814</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,774,814</u>	<u>2,774,814</u>	<u>0</u>
<u>3,181,949</u>	<u>3,181,949</u>	<u>0</u>	<u>19,354,825</u>	<u>19,354,825</u>	<u>0</u>	<u>68,095,788</u>	<u>68,090,278</u>	<u>5,510</u>
<u>225,699</u>	<u>392,182</u>	<u>(166,483)</u>	<u>(18,840,961)</u>	<u>(18,856,732)</u>	<u>(15,771)</u>	<u>(13,674,375)</u>	<u>(13,359,068)</u>	<u>315,307</u>
0	0	0	18,000	18,000	0	32,896	32,896	0
509,786	509,786	0	0	0	0	519,996	519,996	0
0	0	0	0	0	0	(515,810)	(515,810)	0
550,000	550,000	0	1,227,000	1,227,000	0	1,936,000	1,936,000	0
<u>(1,227,000)</u>	<u>(1,227,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,911,000)</u>	<u>(1,911,000)</u>	<u>0</u>
<u>(167,214)</u>	<u>(167,214)</u>	<u>0</u>	<u>1,245,000</u>	<u>1,245,000</u>	<u>0</u>	<u>62,082</u>	<u>62,082</u>	<u>0</u>
58,485	224,968	166,483	(17,595,961)	(17,611,732)	(15,771)	(13,612,293)	(13,296,986)	315,307
731	731	0	21,327,444	21,327,444	0	36,817,548	36,707,524	(110,024)
<u>\$59,216</u>	<u>\$225,699</u>	<u>\$166,483</u>	<u>\$3,731,483</u>	<u>\$3,715,712</u>	<u>(\$15,771)</u>	<u>\$23,205,255</u>	<u>\$23,410,538</u>	<u>\$205,283</u>

**Oak Hills Local School District
Hamilton County**

**Combined Statement of Revenues, Expenses
And Changes in Retained Earnings/Fund Balance
Proprietary Fund Type and Non-Expendable Trust Fund
For the Fiscal Year Ended June 30, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Non-Expendable Trust</u>	
Operating Revenues:			
Investment Revenue	\$0	\$53,693	\$53,693
Charges for Services	1,962,410	0	1,962,410
Tuition & Fees	139,701	0	139,701
Miscellaneous Revenue	8,230	0	8,230
Total Operating Revenues	<u>2,110,341</u>	<u>53,693</u>	<u>2,164,034</u>
Operating Expenses:			
Salaries	894,547	0	894,547
Fringe Benefits	262,382	0	262,382
Purchased Services	49,885	0	49,885
Materials & Supplies	971,270	0	971,270
Depreciation	91,664	0	91,664
Other Operating Expenses	2,809	32,425	35,234
Total Operating Expenses	<u>2,272,557</u>	<u>32,425</u>	<u>2,304,982</u>
Operating Income (Loss)	<u>(162,216)</u>	<u>21,268</u>	<u>(140,948)</u>
Non-Operating Revenues (Expenses):			
Investment Revenue	12,552	0	12,552
Donated Commodities	21,765	0	21,765
Operating Grants - State & Local	10,998	0	10,998
Operating Grants - Federal	80,288	0	80,288
Total Non-Operating Revenues	<u>125,603</u>	<u>0</u>	<u>125,603</u>
Net Income	(36,613)	21,268	(15,345)
Retained Earnings/Fund Balance, Beginning of Year (As restated, see Note V)	<u>104,468</u>	<u>928,647</u>	<u>1,033,115</u>
Retained Earnings/Fund Balance, End of Year	<u>\$67,855</u>	<u>\$949,915</u>	<u>\$1,017,770</u>

See accompanying notes.

**Oak Hills Local School District
Hamilton County**

**Combined Statement of Cash Flows
Proprietary Fund Type and Non-Expendable Trust Fund
For the Fiscal Year Ended June 30, 2000**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum only)
	Enterprise	Non-Expendable Trust	
Cash Flows from Operating Activities:			
Cash Received from Tuition & Fees	\$139,701	\$0	\$139,701
Cash Received from Investment Earnings	0	51,652	51,652
Cash Received from Charges for Services	1,962,410	0	1,962,410
Cash Received from Miscellaneous Sources	15,571	0	15,571
Cash Payments for Personal Services	(1,039,595)	0	(1,039,595)
Cash Payments for Contract Services	(49,832)	0	(49,832)
Cash Payments for Supplies & Materials	(962,319)	0	(962,319)
Cash Payments for Other Expenses	(2,809)	(32,425)	(35,234)
Net Cash Provided (Used) by Operating Activities	63,127	19,227	82,354
Cash Flows from Non-Capital Financing Activities:			
Cash Received from Operating Grants	78,199	0	78,199
Cash Payments to Other Funds	(25,000)	0	(25,000)
Net Cash Provided (Used) by Non-Capital Financing Activities	53,199	0	53,199
Cash Flows from Capital and Related Financing Activities:			
Acquisition of Capital Assets	(133,581)	0	(133,581)
Net Cash Used for Capital and Related Financing Activities	(133,581)	0	(133,581)
Cash Flows from Investing Activities:			
Investment Earnings	12,552	0	12,552
Net Cash Provided (Used) by Investing Activities	12,552	0	12,552
Net Increase (Decrease) in Cash and Cash Equivalents	(4,703)	19,227	14,524
Cash and Cash Equivalents at Beginning of Year	252,721	928,647	1,181,368
Cash and Cash Equivalents at End of Year	\$248,018	\$947,874	\$1,195,892

(Continued)

**Oak Hills Local School District
Hamilton County**

**Combined Statement of Cash Flows
Proprietary Fund Type and Non-Expendable Trust Fund
For the Fiscal Year Ended June 30, 2000
(Continued)**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum only)
	Enterprise	Non-Expendable Trust	
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	(\$162,216)	\$21,268	(\$140,948)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	91,664	0	91,664
Donated Commodities Used	21,765	0	21,765
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivables	7,341	0	7,341
(Increase) Decrease in Accrued Interest	0	(2,041)	(2,041)
(Increase) Decrease in Materials & Supplies Inventory	746	0	746
Increase (Decrease) in Accounts Payable	(8,751)	0	(8,751)
Increase (Decrease) in Accrued Wages & Benefits	116,742	0	116,742
Increase (Decrease) in Compensated Absences Payable	592	0	592
Increase (Decrease) in Deferred Revenue	(4,756)	0	(4,756)
Net Cash Provided (Used) by Operating Activities	\$63,127	\$19,227	\$82,354
Reconciliation of Non-Expendable Trust Fund to Balance Sheet:			
Cash and Investments - All Fiduciary Funds	\$1,176,572		
Cash and Investments - Expendable Trust and Agency Fund	228,698		
Cash and Investments - Non-Expendable Trust Fund	\$947,874		

See accompanying notes.

**OAK HILLS LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE A - DESCRIPTION OF THE DISTRICT

The Oak Hills Local School District represents a consolidation of three elementary districts; Bridgetown, Delhi and Springmyer. This consolidation was effected by the Hamilton County Board of Education on April 23, 1956, in order to equalize educational opportunities throughout the area. Today the district operates under current standards prescribed by the Ohio State Board of Education as provided in Division (D) of Section 3301.07 and Section 110.01 of the Ohio Revised Code.

The District operates under a locally elected five-member board form of government and provides educational services. The board controls the District's instructional program and support facilities staffed by 467 certificated teaching and administrative personnel and 278 non-certificated personnel. To provide services to our adult population, Oak Hills has developed one of the largest community education programs in Hamilton County, Ohio.

Oak Hills Local School District is the 4th largest "local" district and 26th largest of all 616 districts in Ohio in terms of student enrollment with 8,298 students for the 1997-98 school year. The district currently operated five (5) elementary schools (grades K-5), three (3) middle schools (grades 6-8) and one (1) comprehensive high school (grades 9-12).

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Reporting Entity

The reporting entity is comprised of the primary government. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. Potential component units were considered for inclusion in the district's financial statements. Generally, component units are legally separate organizations for which the elected officials of the primary government (i.e., the District) are financially accountable. The District would consider an organization to be a component unit if:

**OAK HILLS LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

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

The district included no component units in the financial statements.

BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the District are maintained on the basis of fund and account groups, each of which is considered a separate accounting entity. The operation of each fund is accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. The following fund types and account groups are used by the District:

Governmental Fund Types

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

General Fund

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

Special Revenue Funds

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

**OAK HILLS LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

Governmental Fund Types (cont'd)

Debt Service Fund

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

Capital Projects Funds

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

Proprietary Funds

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

Enterprise Funds

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

Fiduciary Funds

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

**OAK HILLS LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

Account Groups

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

General Fixed Assets Account Group

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

General Long Term Obligations Account Group

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

MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Measurement Focus: Governmental Fund Types and Expendable Trust Funds are accounted for using a flow of "current financial resources" measurement focus. Governmental Fund Types and Expendable Trust funds operating statements represent increases and decreases in net current assets. Their reported fund balances are considered a measure of available spendable resources.

Proprietary Fund Types and Nonexpendable Trust Funds are accounted for on a cost of services, or "economic resources" measurement focus. Proprietary Fund Types and Nonexpendable Trust Funds income statements represent increases and decreases in net total assets.

Basis of Accounting: The modified accrual basis of accounting is followed for Governmental and Expendable Trust Funds. Under this basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures for the current period which for the District is 60 days after fiscal year end. Revenue accrued at the end of the fiscal year included property taxes available for advance, interest, tuition, and state and federal grants. Accrued available for advance property taxes receivable represent taxes outstanding and measurable at June 30, 2000. Property taxes collected within 60 days are included as a receivable and tax revenue as of June 30, 2000.

OAK HILLS LOCAL SCHOOL DISTRICT
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

MEASUREMENT FOCUS/BASIS OF ACCOUNTING – cont'd

Although property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30 was \$7,955,000 and is recognized as revenue. The amount available for 1999 advance at June 30, 1998 was \$6,206,000.

Expenditures are recognized in the period in which the related fund liability is incurred, except interest on long-term debt which is recorded when due.

Proprietary Funds and Nonexpendable Trust Funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred.

BUDGETARY DATA

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

- (1) Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
- (2) Expenditures are recorded when encumbered or paid in cash (budget), as opposed to when susceptible to accrual (GAAP).

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

The District is required by state statute to adopt an annual appropriated budget for all fund types except Agency Funds. The specific timetable is as follows:

**OAK HILLS LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

BUDGETARY DATA – cont'd

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

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

Prior to March 15 the Board of Education accepts by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer.

The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate.

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

Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within a function must be approved by the Board of Education.

**OAK HILLS LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

BUDGETARY DATA - cont'd

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

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

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

The original appropriation measure was amended, during the 2000 fiscal year, as follows:

General Fund	\$	(565,183)
Special Revenue Funds		(884,839)
Debt Service Fund		9
Enterprise Fund		(83,302)
Expendable Trust Fund		(51,407)
Non-Expendable Trust Fund		(19,075)
Agency Fund		(70,371)
Capital Project Fund		(372,942)

ENCUMBRANCES

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

**OAK HILLS LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

CASH AND INVESTMENTS

Cash received by the District is deposited in one of four bank accounts with individual fund balance integrity maintained throughout. Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to agency funds, employee benefits, certain trust funds individually authorized by Board resolution.

Investment earnings are allocated to these funds based on average monthly cash balances. Interest income earned in fiscal 2000, excluding Trust and Agency funds totaled \$1,846,671.

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

During fiscal year 2000, investments were limited to STAR Ohio. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. A market price was not available for the limited partnership agreement. The carrying amount is the amount stated at the time of donation.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2000. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for at year end.

Restricted Assets

Restricted assets in the general fund represent cash and investments set aside to establish a budget stabilization reserve. This reserve is required by State statute. A fund balance reserve has also been established.

OAK HILLS LOCAL SCHOOL DISTRICT
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

Inventory

Inventory is valued at cost using the first-in-first-out method for all funds. The proprietary fund inventories are recorded as expenses when used. Inventory in governmental funds consists of expendable supplies which are recorded as an expenditure when individual inventory items are purchased. The governmental fund inventories are offset by fund balance reserve which indicates they do not constitute "available expendable resources" and are not available for appropriations.

FIXED ASSETS AND DEPRECIATION

General Fixed Assets Account Group

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

Proprietary Funds

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

Asset	Life (years)
Furniture, Fixtures and Equipment	5 to 20

**OAK HILLS LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

INTERGOVERNMENTAL REVENUES

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

Interfund Transactions

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

1. Routine transfers of resources from one fund to another fund through which resources to be expended are recorded as operating transfers.
2. Reimbursements from one fund to another fund are treated as expenditures/expenses in the reimbursing fund and as a reduction in expenditures/expenses in the reimbursed fund.
3. Short-term interfund loans are reflected as interfund loans payable/receivable, while long-term interfund loans (greater than one year in length) are recorded as advances to/from other funds. The District has no long-term advances as the current year end.

**OAK HILLS LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

COMPENSATED ABSENCES

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

<u>Vacation</u>	<u>Certified</u>	<u>Administrators</u>	<u>Non-Certified</u>
How earned	Not Eligible	25 days at start of each contract year	5-20 days for each service year depending on length of service
Maximum	Not Applicable	Can be paid for 5 days at years end, 18 months	
Vested	Not Applicable	As earned	As earned
Termination	Not Applicable	Paid upon termination	Paid upon termination
<u>Sick Leave</u>	<u>Certificated</u>	<u>Administrators</u>	<u>Non-Certificated</u>
How earned	1-1/4 days per month of employment (15 days per year)	1-1/4 days per month of employment (15 days per year)	1-1/4 days per month of employment (15 days per year)
Maximum Accumulation	252 days	300 days	247 days
Vested	As earned	As earned	As earned
Termination Entitlement	Per contract	Per contract	Per contract

**OAK HILLS LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

COMPENSATED ABSENCES - cont'd

Compensated absences are accrued as they are earned by employees if both of the following conditions are met:

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

Compensated absences that are not expected to be liquidated with expendable available financial resources are reported in the General Long Term Obligations Account Group. Compensated absences of Proprietary Funds are recorded as an expense and liability of the respective proprietary fund. The district records 20 percent of unused and accumulated vacation leave, has a current liability of the corresponding governmental fund and the remaining 80 percent in the

LONG TERM OBLIGATIONS

Long term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the General Long Term Obligations Account Group. Long-term liabilities expected to be financed from Proprietary Fund operations are accounted for in those funds. The district has chosen to treat the arbitrage rebate liability as a claim or judgment and has reported it in the General Long Term Obligations Account Group.

**OAK HILLS LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

FUND EQUITY

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, property tax advances, inventory, endowments, and state mandated set asides. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles, but not available for appropriations under state statute. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purpose of those funds.

PROPRIETARY FUND ACCOUNTING

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

MEMORANDUM ONLY - TOTAL COLUMNS

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

CONTRIBUTED CAPITAL

Contributed capital represents resources from other funds 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.

**OAK HILLS LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE C - EQUITY IN POOLED CASH AND INVESTMENTS

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

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

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

Inactive Monies - Those monies not required for use within the current two year period of designated depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designated depositories, as savings or deposit accounts, including but not limited to passbook accounts.

Interim Monies - Those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Ohio law permits interim monies to be invested or deposited in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligations guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal grant securities shall be direct issuances of federal government agencies or instrumentalities;

**OAK HILLS LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE C - EQUITY IN POOLED CASH AND INVESTMENTS – CONT'D

Interim Monies (cont'd)

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 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. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

**OAK HILLS LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE C - EQUITY IN POOLED CASH AND INVESTMENTS – CONT'D

Interim Monies (cont'd)

At the end of the year, the carrying amount of the District's deposits was \$2,588,085. The bank balance of deposits was \$3,544,615. Of the bank balance, \$400,000 was covered by Federal depository insurance, the remaining balance was covered by collateral held by third party trustees pursuant to Section 135.282, Ohio Revised Code, in collateral pools securing all public funds on deposit with specific depository institutions.

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

<u>INVESTMENTS</u>	<u>RISK CATEGORY</u>	<u>FAIR VALUE</u>
Star Ohio	(a)	\$23,486,147
TOTAL		\$23,486,147

(a) The District's investment in the Ohio State Treasurer's pool is not categorized because it is not evidenced by securities that exist in physical or book entry form.

Ohio Revised Code, Chapter 134, Uniform Depository Act, authorized pledging of pooled securities in lieu of pledging specific securities. Specifically, a designate public depository may pledge a single pool of eligible securities to secure repayment of all public monies deposited in the financial institution, provided that at all times the total value of the securities so pledged is at least equal to 110% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

**OAK HILLS LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE D - INTERFUND RECEIVABLES/PAYABLE

Interfund balances at June 30, 2000 consisted of the following individual fund receivables and payables:

Short Term Interfund Loans

<u>FUND</u>	<u>INTERFUND LOAN RECEIVABLE</u>	<u>INTERFUND LOAN PAYABLE</u>
General Fund	\$675,000	
Special Revenue		\$100,000
Debt Service		\$550,000
Capital Projects	-0-	
Enterprise Adult Education		25,000
	-----	-----
TOTAL ALL FUNDS	\$675,000	\$675,000

NOTE E - PROPERTY TAXES

Property taxes include amounts levied against real, public utility and tangible personal (business) property. The assessed value, by property classification, upon which taxes collected in 2000 were based are as follows:

Tangible Personal	\$ 80,188,860
Public utility & real estate	922,017,840

Total assessed property value	\$1,002,206,700

In 2000, real property taxes were levied in April on the assessed values as of January 1, 1998, the lien date. Assessed values are established by the County Auditor at 35% of appraised market value. A revaluation of real property is required to be completed no less than every six years, with a statistical update every third year.

**OAK HILLS LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE E - PROPERTY TAXES – CONT'D

The most recent revaluation was completed in January, 1999. Tangible personal property tax is assessed on equipment and inventory held by businesses. Tangible property is assessed at 25% of true value (as defined). In 2000, each business was eligible to receive \$10,000 exemption in assessed value which was reimbursed by the State.

Real property taxes are payable annually or semi-annually. In 2000, if paid annually, payment was due by January 20th. If paid semi-annually, the first payment (at least 1/2 of amount billed) was due January 20th with the remainder due on June 20th.

The county auditor remits portions of the taxes collected to all taxing districts with periodic settlements of Real and Public Utility property taxes in February and August and tangible Personal Property taxes in June and October. The District records billed, but uncollected property taxes as receivables at their estimated net realizable value. Amounts available for advance at June 30th are recorded as tax revenue for the current fiscal year.

NOTE F - FIXED ASSETS

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

<u>Asset</u>	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance End of Year</u>
Land/improvement	\$ 835,200	1,752,611	-0-	\$2,587,811
Building and Bldg. Improvement	12,727,674	18,103,802	-0-	30,831,476
Construction in Progress	17,646,417	457,385	18,103,802	-0-
Furniture/Equipment	11,009,686	1,735,706	-0-	12,745,392
	-----	-----	-----	-----
Total	\$ 42,218,977	\$22,049,504	\$18,103,802	\$46,164,679

**OAK HILLS LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE F - FIXED ASSETS – CONT'D

A summary of the Proprietary Fund fixed assets at June 30, 2000 follows:

Furniture and Equipment	\$1,347,360
Less Accumulated Depreciation	729,352

Net Fixed Assets - Proprietary Fund	\$ 618,008

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

During the year ended June 30, 2000, the following changes occurred in liabilities reported in the General Long Term Obligations Account Group. Compensated absences will be paid from the fund which the employee is paid.

<u>Description</u>	<u>Balance Beginning</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance End of Year</u>
Energy Conservation Note	\$ 567,110	\$ -0-	\$114,271	\$452,839
Accrued Wages & Benefits	227,120	15,994	-0-	243,114
Compensated Absences	\$2,623,689	166,889	-0-	\$ 2,790,578
Bonds Payable	50,577,000	-0-	\$252,000	50,325,000
Arbitrage Payable	131,595	25,790	-0-	157,385
	-----	-----	-----	-----
Total	\$54,126,514	\$ 208,673	\$366,271	\$53,968,916

**OAK HILLS LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

**NOTE G - CHANGES IN THE GENERAL LONG TERM OBLIGATIONS ACCOUNT GROUP
CONT'D**

Debt service requirements to maturity for the energy conservation note and bonds payable are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2001	469,366	2,757,003
2002	759,688	2,715,801
2003	885,247	2,699,991
2004	958,626	2,657,772
2005	1,030,000	2,608,918
Thereafter	<u>46,674,912</u>	<u>33,344,926</u>
Total	\$50,777,839	\$46,784,411

NOTE H - LEGAL DEBT MARGIN

The Ohio Revised Code provides that a voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District.

The effects of these debt limitations at June 30, 2000 are a voted debt margin of \$ 90,198,603 and an unvoted margin of \$ 1,002,207.

**OAK HILLS LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE I - SEGMENT INFORMATION

Enterprise Funds

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

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Adult Education Program</u>	<u>Total</u>
Operating Revenues	\$1,973,784	\$9,390	\$ 139,719	\$2,122,893
Operating Expenses before Depreciation	2,230,300	7,146	126,775	2,364,221
Depreciation	91,015	-0-	649	91,664
Operating Income (Loss)	(134,476)	2,244	12,944	(149,664)
Operating Grants & other non-operating revenue (expenses)	112,560	-0-	491	113,051
Net Income (Loss) before operating transfers	(20,934)	2,244	13,435	(36,613)
Operating transfers in	-0-	-0-	-0-	-0-
Net Income (Loss)	(20,934)	2,244	13,435	(36,613)
Fixed Asset Additions	133,581	-0-	-0-	133,581
Contributed Capital	646,705	-0-	-0-	646,705
Net Working Capital	50,592	3,760	42,200	96,552
Total Assets	747,571	3,760	148,333	899,664
Total Liabilities	185,104	-0-	-0-	185,104
Total Equity	562,467	3,760	148,333	714,560

**OAK HILLS LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE J - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan member and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. that report may be obtained by writing to the School Employees Retirement System, 45 N. Fourth Street, Columbus, Ohio 43215.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. For fiscal year 2000, 9.79 percent was the portion to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts by the SERS Retirement Board. The School District's contributions for pension obligations to SERS for the fiscal year ended June 30, 2000, 1999 and 1998 were \$806,976, \$755,178 and \$731,208 respectively; 50.0 percent has been for fiscal year 2000 and 100 percent for fiscal year 1999 and 1998. \$419,076 representing the unpaid contribution for fiscal year 2000, is recorded as an accrued wages and benefits liability in the respective funds and the GLTOAG.

B. State Teachers Retirement System

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 10.5 percent was the portion used to fund pension obligations. Prior to July 1, 1997, the portion to fund pension obligations was 12 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's contributions for pension obligations to STRS for the fiscal year ended June 30, 2000, 1999 and 1998 were, \$3,349,416, \$3,088,428 and \$2,977,152 respectively; 83.3 percent has been contributed for fiscal year 2000 and 100 percent for fiscal year 1999 and 1998. \$ 595,244 representing the unpaid contribution for fiscal year 2000 is recorded as a liability within the respective funds.

**OAK HILLS LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

POST EMPLOYMENT BENEFITS

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The Retirement Board allocates employer contributions equal to two percent of covered payroll to the Health Care Reserve Fund. The Health Care Reserve Allocation for the year ended June 30, 2000 will be 8% of covered payroll.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the fund was \$2,783 million at June 30, 1999. For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

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

For this fiscal year, employer contributions to fund health care benefits were 6.30 percent of covered payroll, an increase from 4.98 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For the fiscal year 2000, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 1999, were \$126,380,984 and the target level was \$189.9 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 51,000 participants currently receiving health care benefits.

**OAK HILLS LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE K - BUDGETARY BASIS OF ACCOUNTING

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

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

<u>Governmental Fund</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
GAAP Basis	\$4,060,823	\$124,052	\$960,968	(\$14,873,609)
Net Adjustments for Revenue Accruals	246,503	2,212	491,000	1,227,000
Net Adjustment for Expenditure Accruals	571,641	(4,216)	(1,227,000)	(3,637,262)
Encumbrance	(725,494)	(185,743)	-0-	(327,861)
Budgetary Basis	----- \$4,153,473	----- (\$63,695)	----- \$224,968	----- (\$17,611,732)

NOTE L - COMPLIANCE AND ACCOUNTABILITY

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

**OAK HILLS LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE M - CONTINGENT LIABILITIES

Grants

The District receives significant financial assistance from numerous federal, state, and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreement and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District on June 30, 2000.

Litigation

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

NOTE N - JOINTLY GOVERNED ORGANIZATIONS

The Great Oaks Joint Vocational School, a jointly governed organization, is a distinct political subdivision of the State of Ohio which operates under the direction of a board consisting of one representative from each participating school district's elected board. That board possesses its own budgeting and taxing authority. The Vocational School provides academic preparation and job training which lead to employment and/or further education upon graduation from high school. The District has no ongoing financial interest in or responsibility for the Vocational School.

The District is a participant in the Hamilton/Clermont Cooperative Association (HCCA) which is a computer consortium A-site used by the District. HCCA is an association of public districts in a geographic 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 and instructional functions among member districts. The Board of HCCA consists of one representative from each of the participating members. The degree of control exercised by any participating district is limited to its representative on the board.

**OAK HILLS LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 0 - RISK MANAGEMENT

The Oak Hills Local 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 Oak Hills Local School District carries insurance coverage with the following companies.

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

Limits and deductible amounts for the above policies vary accordingly.

<u>COVERAGE</u>	<u>LIMITS</u>	<u>DEDUCTIBLE</u>
Automobile	\$1,000,000 each occurrence	\$100 collision
Property	\$57,617,900 blanket coverage	\$1000 each loss
General Liability	\$5,000,000 general aggregate	

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

NOTE P – UNCERTAINTIES/STATE SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$15,537,053 of school foundation support for its general fund.

**OAK HILLS LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE P – UNCERTAINTIES/STATE SCHOOL FUNDING DECISION – CON’T

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

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 and on its financial operations.

NOTE Q – FUND DEFICITS

There were no deficit balances for fiscal year 2000.

**OAK HILLS LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE R – ARBITRAGE REBATE LIABILITY

The Oak Hills Local School District in accordance with the Internal Revenue Code, has incurred a liability of \$157,385 as of June 30, 2000. In July of 1997, the district issued \$45,677,000 of Bond Anticipation Notes at a yield of 4.3% for the purpose of constructing additions to the high school, renovating existing buildings, and acquiring technology for classroom instruction. The district invested the proceeds of the notes at an average yield of 4.62% through the end of 2000. Bond Counsel for the district has confirmed the liability.

NOTE S – 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:

	<u>Textbook Reserve</u>	<u>Capital Maintenance Reserve</u>	<u>Budget Stabilization Reserve</u>
Balance, Beginning of Year	0	0	563,393
Required Set-Aside	1,064,939	1,064,939	354,980
Offset Credits	0	0	(237,657)
Qualifying Expenditures	(1,064,939)	(1,064,939)	0
	-----	-----	-----
Balance, End of Year	0	0	680,716

Expenditures for textbook activity during the year totaled \$1,119,943, which exceeded the amount required for the set-aside.

Expenditures for capital activity during the year totaled \$1,224,014, which exceeded the amount required for the set-aside.

**OAK HILLS LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE T – CHANGES IN CONTRIBUTED CAPITAL

Changes in contributed capital for the year ended June 30, 2000 are summarized by source as follows:

	Food Service
Contributed Capital, July 1, 1999	\$495,629
Current Contributions Additions	<u>\$151,076</u>
Total	<u>\$646,705</u>
Contributed Capital, June 30, 2000	\$646,705

NOTE U – JOINT VENTURE

*Oak Hills Local School District Administrative Building/Professional Development Center/
Delhi Township Fire Station*

The School District is a participant in a joint venture with Delhi Township, Hamilton County in the construction of an administrative building/professional development center/fire station.

The organization was formed for the purpose of sharing construction costs of the facility. The School District has an interest that is measurable in that the joint venture agreement stipulates that the school district will pay 60% of the construction costs of the facility.

Construction of the facility will begin in FY 2001.

**OAK HILLS LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE V – PRIOR PERIOD ADJUSTMENTS

The beginning fixed asset balance of the General Fixed Asset Group and the Enterprise Fund have been adjusted as follows due to a reappraisal of the District's fixed assets:

	ENTERPRISE FUND		GENERAL FIXED ASSET ACCOUNT GROUP
	RETAINED EARNINGS	CONTRIBUTED CAPITAL	
BALANCE			
Previously stated, June 30, 1999	\$326,683	-0-	\$816,461
Prior Period Adjustment	<u>(\$222,215)</u>	<u>\$495,629</u>	<u>\$18,739</u>
As Restated, July 1, 1999	<u>\$104,468</u>	<u>\$495,629</u>	<u>\$835,200</u>

**OAK HILLS LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL 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.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program		10.550	\$0	\$17,008	\$0	\$21,765
			0	17,008	0	21,765
National School Lunch Program	03-PU-00	10.555	1,389	0	1,389	0
	03-PU-00	10.555	10,178	0	10,178	0
	04-PU-00	10.555	1,416	0	1,416	0
	04-PU-00	10.555	16,079	0	16,079	0
			29,062	0	29,062	0
Special Milk Program	02-PU-00	10.556	3,898	0	3,898	0
	02-PU-00	10.556	33,126	0	33,126	0
			37,024	0	37,024	0
Total U.S. Department of Agriculture - Nutrition Cluster			66,086	17,008	66,086	21,765
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Grants to States (IDEA Part B)	6B-ST-00	84.027	340,194	0	396,476	0
Educational Handicapped Preschool	PG-S1-00	84.173	21,538	0	38,773	0
Innovation Education Program Strategies	C2-S1-98	84.298	(66)	0	0	0
	C2-S1-00	84.298	56,386	0	59,937	0
Total Title II			56,320	0	59,937	0
Grants to Local Educational Agencies (ESEA Title I)	C1-S1-00	84.010	296,639	0	366,968	0
Drug-Free Schools Grant	DR-S1-99	84.186	(144)	0	0	0
	DR-S1-00	84.186	39,000	0	39,722	0
Total Drug-Free School Grant			38,856	0	39,722	0
Goals 2000	G2-A2-00	84.276	10,831	0	10,831	0
	G2-S2-99	84.276	135,000	0	90,836	0
Total Goals 2000			145,831	0	101,667	0
Comprehensive School Reform Grant	RF-S1-00	84.332A	132,500	0	117,979	0
State Improvement Grant	6B-ST-00	84.323A	35,000	0	262	0
Class Size Reduction Grant	CR-S1-00	84.340	53,923	0	30,400	0
Total Department of Education			1,120,800	0	1,152,184	0
TOTAL FEDERAL ASSISTANCE			<u>\$1,186,886</u>	<u>\$17,008</u>	<u>\$1,218,270</u>	<u>\$21,765</u>

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

**OAK HILLS LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
JUNE 30, 2000**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at fair market value of 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 food commodities in inventory.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

250 West Court Street
Suite 150 E
Cincinnati, Ohio 45202
Telephone 513-361-8550
800-368-7419
Facsimile 513-361-8577
www.auditor.state.oh.us

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

Oak Hills Local School District
Hamilton County
6479 Bridgetown Road
Cincinnati, Ohio 45248

To the Board of Education:

We have audited the accompanying financial statements of the Oak Hills Local School District, Hamilton County, Ohio (the District), as of and for the fiscal year ended June 30, 2000, and have issued our report thereon dated January 8, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether 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 instance of noncompliance that is required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Oak Hills Local School District
Hamilton County
Report on Compliance and on Internal Control Required by
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Page 2

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

Jim Petro
Auditor of State

January 8, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

250 West Court Street
Suite 150 E
Cincinnati, Ohio 45202
Telephone 513-361-8550
800-368-7419
Facsimile 513-361-8577
www.auditor.state.oh.us

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

Oak Hills Local School District
Hamilton County
6479 Bridgetown Road
Cincinnati, Ohio 45248

To the Board of Education:

Compliance

We have audited the compliance of the Oak Hills Local School District, Hamilton County, Ohio (the District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal programs for the fiscal 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 programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with 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 programs for the fiscal year ended June 30, 2000.

Internal Controls 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 A-133.

Oak Hills Local School District
Hamilton County
Report on Compliance with Requirements Applicable to Each Major
Federal Program and Internal Control Over Compliance
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Page 2

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weaknesses 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 operations that we consider to be material weaknesses.

This report is intended for the information and use of the Audit Committee, Board of Education and management, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

January 8, 2001

**OAK HILLS LOCAL SCHOOL DISTRICT
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
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):	<i>Title I: Grants to Local Educational Agencies, CFDA #84.010; Comprehensive School Reform Grant, CFDA #84.332A</i>
(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

OAK HILLS LOCAL SCHOOL DISTRICT

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 1, 2001**