



***MT. HEALTHY
CITY SCHOOL DISTRICT***

HAMILTON COUNTY, OHIO

SINGLE AUDIT

For the Year Ended June 30, 2002

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS





**Auditor of State
Betty Montgomery**

Board of Education
Mt. Healthy City School District

We have reviewed the Independent Auditor's Report of the Mt. Healthy City School District, Hamilton County, prepared by J.L. Uhrig & Associates, Inc. for the audit period July 1, 2001 through June 30, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Mt. Healthy City School District is responsible for compliance with these laws and regulations.

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

BETTY MONTGOMERY
Auditor of State

March 12, 2003

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Independent Auditor's Report

Board of Education
Mt. Healthy City School District
7615 Harrison Avenue
Cincinnati, Ohio 45231

We have audited the accompanying general purpose financial statements of the Mt. Healthy City School District (the District) as of and for the year ended June 30, 2002. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2002, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 14, 2003 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 when considering the results of our audit.

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

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

February 14, 2003

Mt. Healthy City School District
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits:				
Equity in Pooled Cash and Investments	\$1,695,977	\$281,469	\$62,932	\$233,697
Restricted Cash	168,887	0	0	0
Receivables:				
Taxes	10,369,090	0	131,104	0
Intergovernmental	0	538,251	0	0
Accounts	55,903	0	0	0
Interfund Receivable	521,567	4,066	0	0
Inventory	0	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
Other Debits:				
Amount to be Provided for Retirement of General Long-Term Obligations	0	0	0	0
Total Assets & Other Debits	<u>\$12,811,424</u>	<u>\$823,786</u>	<u>\$194,036</u>	<u>\$233,697</u>
Liabilities, Fund Equity & Other Credits:				
Liabilities:				
Accounts Payable	\$102,602	\$38,694	\$0	\$62,000
Accrued Wages & Benefits	3,685,298	434,665	0	0
Compensated Absences Payable	262,500	25,787	0	0
Interfund Payable	4,906	503,067	0	14,907
Deferred Revenue	8,070,990	264,466	131,104	0
Due to Students	0	0	0	0
Matured Principal and Interest Payable	0	0	70,691	0
Energy Conservation Loan Payable	0	0	0	0
Total Liabilities	<u>12,126,296</u>	<u>1,266,679</u>	<u>201,795</u>	<u>76,907</u>
Fund Equity & Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	221,320	104,718	0	13,784
Reserved for Property Tax Advances	2,298,100	0	0	0
Reserved For Set-Asides	168,887	0	0	0
Unreserved & Undesignated	<u>(2,003,179)</u>	<u>(547,611)</u>	<u>(7,759)</u>	<u>143,006</u>
Total Fund Equity & Other Credits	<u>685,128</u>	<u>(442,893)</u>	<u>(7,759)</u>	<u>156,790</u>
Total Liabilities, Fund Equity & Other Credits	<u>\$12,811,424</u>	<u>\$823,786</u>	<u>\$194,036</u>	<u>\$233,697</u>

See accompanying notes.

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$122,578	\$21,898	\$40,106	\$0	\$0	\$2,458,657
0	0	0	0	0	168,887
0	0	0	0	0	10,500,194
0	0	0	0	0	538,251
999	0	0	0	0	56,902
4,906	0	0	0	0	530,539
20,481	0	0	0	0	20,481
155,630	0	0	17,223,814	0	17,379,444
0	0	0	0	2,192,110	2,192,110
<u>\$304,594</u>	<u>\$21,898</u>	<u>\$40,106</u>	<u>\$17,223,814</u>	<u>\$2,192,110</u>	<u>\$33,845,465</u>
\$5,230	\$146	\$5,654	\$0	\$0	\$214,326
157,344	0	0	0	175,313	4,452,620
55,024	0	0	0	1,637,192	1,980,503
7,386	0	273	0	0	530,539
16,268	0	0	0	0	8,482,828
0	0	29,520	0	0	29,520
0	0	0	0	0	70,691
0	0	0	0	379,605	379,605
<u>241,252</u>	<u>146</u>	<u>35,447</u>	<u>0</u>	<u>2,192,110</u>	<u>16,140,632</u>
0	0	0	17,223,814	0	17,223,814
63,342	21,752	0	0	0	85,094
0	0	0	0	0	339,822
0	0	0	0	0	2,298,100
0	0	0	0	0	168,887
0	0	4,659	0	0	(2,410,884)
<u>63,342</u>	<u>21,752</u>	<u>4,659</u>	<u>17,223,814</u>	<u>0</u>	<u>17,704,833</u>
<u>\$304,594</u>	<u>\$21,898</u>	<u>\$40,106</u>	<u>\$17,223,814</u>	<u>\$2,192,110</u>	<u>\$33,845,465</u>

Mt. Healthy City School District
 Combined Statement of Revenues, Expenditures
 and Changes in Fund Balance
 All Governmental Fund Types and Expendable Trust Fund
 For the Year Ended June 30, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Revenues:				
Taxes	\$10,388,704	\$0	\$119,751	\$0
Intergovernmental	15,890,224	2,675,302	0	124,412
Investment	115,564	654	0	0
Tuition & Fees	530,344	0	0	0
Extracurricular Activities	0	149,491	0	0
Miscellaneous	36,207	58,505	0	84,289
Total Revenues	26,961,043	2,883,952	119,751	208,701
Expenditures:				
Current:				
Instruction:				
Regular	12,131,073	1,285,746	0	57,044
Special	2,950,394	436,049	0	0
Vocational	152,987	15,553	0	0
Other	891,054	0	0	0
Support Services:				
Pupils	1,191,198	671,679	0	0
Instructional Staff	1,492,629	478,338	0	30,000
Board of Education	104,960	0	0	9,755
Administration	2,064,056	112,601	0	0
Fiscal	521,693	13,467	0	0
Business	121,403	0	0	0
Operation & Maintenance of Plant	2,516,726	0	0	98,228
Pupil Transportation	1,687,065	16,468	0	0
Central	267,161	0	0	0
Operation of Non-Instructional Services	8,214	232,100	0	0
Extracurricular Activities	466,294	266,918	0	0
Capital Outlay	47,697	0	0	0
Debt Service:				
Principal Retirement	0	0	104,158	0
Interest & Fiscal Charges	0	0	23,352	0
Total Expenditures	26,614,604	3,528,919	127,510	195,027
Excess of Revenues Over (Under) Expenditures	346,439	(644,967)	(7,759)	13,674
Other Financing Sources (Uses):				
Proceeds from Sale of Fixed Assets	7,683	0	0	0
Operating Transfers In	0	157,450	0	0
Operating Transfers (Out)	(157,450)	0	0	0
Total Other Financing Sources (Uses)	(149,767)	157,450	0	0
Excess of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing	196,672	(487,517)	(7,759)	13,674
Fund Balance, Beginning of Year	488,456	44,624	0	143,116
Fund Balance (Deficit), End of Year	\$685,128	(\$442,893)	(\$7,759)	\$156,790

See accompanying notes.

<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
<u>Expendable Trust</u>	
\$0	\$10,508,455
0	18,689,938
0	116,218
0	530,344
0	149,491
<u>0</u>	<u>179,001</u>
<u>0</u>	<u>30,173,447</u>
0	13,473,863
0	3,386,443
0	168,540
0	891,054
0	1,862,877
0	2,000,967
0	114,715
0	2,176,657
0	535,160
0	121,403
7,044	2,621,998
0	1,703,533
0	267,161
0	240,314
2,452	735,664
0	47,697
0	104,158
<u>0</u>	<u>23,352</u>
<u>9,496</u>	<u>30,475,556</u>
<u>(9,496)</u>	<u>(302,109)</u>
0	7,683
0	157,450
<u>0</u>	<u>(157,450)</u>
<u>0</u>	<u>7,683</u>
<u>(9,496)</u>	<u>(294,426)</u>
<u>14,155</u>	<u>(292,640)</u>
<u>\$4,659</u>	<u>\$395,925</u>

Mt. Healthy City School District
 Combined Statement of Revenues, Expenditures
 and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 All Governmental Fund Types
 For the Year Ended June 30, 2002

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Taxes	\$9,916,704	\$9,916,704	\$0	\$0	\$0	\$0
Intergovernmental	16,283,777	15,890,224	(393,553)	3,251,916	2,616,062	(635,854)
Investment	138,000	114,949	(23,051)	654	654	0
Tuition & Fees	498,961	474,441	(24,520)	0	0	0
Extracurricular Activities	0	0	0	134,525	149,491	14,966
Miscellaneous	39,506	36,207	(3,299)	67,916	65,942	(1,974)
Total Revenues	26,876,948	26,432,525	(444,423)	3,455,011	2,832,149	(622,862)
Expenditures:						
Current:						
Instruction:						
Regular	12,449,711	12,033,910	415,801	1,358,537	1,327,097	31,440
Special	2,723,662	2,898,103	(174,441)	577,602	434,065	143,537
Vocational	155,699	152,877	2,822	15,449	16,705	(1,256)
Other	935,046	978,444	(43,398)	0	0	0
Support Services:						
Pupils	1,422,581	1,290,454	132,127	462,781	561,852	(99,071)
Instructional Staff	1,391,171	1,495,969	(104,798)	582,400	508,942	73,458
Board of Education	115,415	111,820	3,595	0	0	0
Administration	2,084,273	2,108,539	(24,266)	146,427	125,756	20,671
Fiscal	566,002	546,162	19,840	10,627	13,712	(3,085)
Business	129,779	121,624	8,155	0	0	0
Operation & Maintenance of Plant	2,801,864	2,631,095	170,769	2,351	0	2,351
Pupil Transportation	1,524,927	1,699,954	(175,027)	44,633	16,638	27,995
Central	365,670	283,169	82,501	0	0	0
Operation of Non-Instructional Service	15,751	8,275	7,476	266,023	238,796	27,227
Extracurricular Activities	464,209	468,222	(4,013)	250,909	273,876	(22,967)
Capital Outlay	122,334	49,279	73,055	615	0	615
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest & Fiscal Charges	0	0	0	0	0	0
Total Expenditures	27,268,094	26,877,896	390,198	3,718,354	3,517,439	200,915
Excess of Revenues Over (Under) Expenditures	(391,146)	(445,371)	(54,225)	(263,343)	(685,290)	(421,947)
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	24,472	7,683	(16,789)	0	0	0
Operating Transfers In	0	0	0	0	157,450	157,450
Operating Transfers (Out)	(109,548)	(157,450)	(47,902)	0	0	0
Advances In	50,000	0	(50,000)	29,431	24,697	(4,734)
Advances (Out)	0	(24,948)	(24,948)	0	0	0
Total Other Financing Sources (Uses)	(35,076)	(174,715)	(139,639)	29,431	182,147	152,716
Excess of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing	(426,222)	(620,086)	(193,864)	(233,912)	(503,143)	(269,231)
Fund Balance, Beginning of Year (Includes Prior Year Encumbrances Appropriated)	2,654,963	2,654,963	0	206,666	206,666	0
Fund Balance, End of Year	\$2,228,741	\$2,034,877	(\$193,864)	(\$27,246)	(\$296,477)	(\$269,231)

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)
\$119,751	\$119,751	\$0	\$0	\$0	\$0	\$10,036,455	\$10,036,455	\$0
0	0	0	151,260	124,412	(26,848)	19,686,953	18,630,698	(1,056,255)
0	0	0	0	0	0	138,654	115,603	(23,051)
0	0	0	0	0	0	498,961	474,441	(24,520)
0	0	0	0	0	0	134,525	149,491	14,966
0	0	0	75,000	84,289	9,289	182,422	186,438	4,016
119,751	119,751	0	226,260	208,701	(17,559)	30,677,970	29,593,126	(1,084,844)
0	0	0	116,818	57,044	59,774	13,925,066	13,418,051	507,015
0	0	0	27,934		27,934	3,329,198	3,332,168	(2,970)
0	0	0	0	0	0	171,148	169,582	1,566
0	0	0	0	0	0	935,046	978,444	(43,398)
0	0	0	0	0	0	1,885,362	1,852,306	33,056
0	0	0	140,118	20,000	120,118	2,113,689	2,024,911	88,778
0	0	0	10,709	9,755	954	126,124	121,575	4,549
0	0	0	16,360	0	16,360	2,247,060	2,234,295	12,765
0	0	0	0	0	0	576,629	559,874	16,755
0	0	0	0	0	0	129,779	121,624	8,155
0	0	0	28,828	112,012	(83,184)	2,833,043	2,743,107	89,936
0	0	0	0	0	0	1,569,560	1,716,592	(147,032)
0	0	0	0	0	0	365,670	283,169	82,501
0	0	0	0	0	0	281,774	247,071	34,703
0	0	0	0	0	0	715,118	742,098	(26,980)
0	0	0	0	0	0	122,949	49,279	73,670
104,158	48,871	55,287	0	0	0	104,158	48,871	55,287
23,452	12,371	11,081	0	0	0	23,452	12,371	11,081
127,610	61,242	66,368	340,767	198,811	141,956	31,454,825	30,655,388	799,437
(7,859)	58,509	66,368	(114,507)	9,890	124,397	(776,855)	(1,062,262)	(285,407)
0	0	0	0	0	0	24,472	7,683	(16,789)
0	0	0	0	0	0	0	157,450	157,450
0	0	0	0	0	0	(109,548)	(157,450)	(47,902)
0	0	0	0	0	0	79,431	24,697	(54,734)
0	0	0	0	0	0	0	(24,948)	(24,948)
0	0	0	0	0	0	(5,645)	7,432	13,077
(7,859)	58,509	66,368	(114,507)	9,890	124,397	(782,500)	(1,054,830)	(272,330)
0	0	0	143,116	143,116	0	3,004,745	3,004,745	0
(\$7,859)	\$58,509	\$66,368	\$28,609	\$153,006	\$124,397	\$2,222,245	\$1,949,915	(\$272,330)

Mt. Healthy City School District
 Combined Statement of Revenues, Expenses
 and Changes in Retained Earnings
 All Proprietary Fund Types
 For the Year Ended June 30, 2002

	Proprietary Fund Types		Totals (Memorandum Only)
	Enterprise	Internal Service	
Operating Revenues:			
Charges for Services	\$455,129	\$0	\$455,129
Miscellaneous Revenue	<u>210,121</u>	<u>28,324</u>	<u>238,445</u>
Total Operating Revenues	<u>665,250</u>	<u>28,324</u>	<u>693,574</u>
Operating Expenses:			
Salaries	651,205	0	651,205
Fringe Benefits	248,652	0	248,652
Purchased Services	46,320	0	46,320
Materials & Supplies	488,454	0	488,454
Depreciation	21,773	0	21,773
Other Operating Expenses	<u>3,559</u>	<u>29,720</u>	<u>33,279</u>
Total Operating Expenses	<u>1,459,963</u>	<u>29,720</u>	<u>1,489,683</u>
Operating Income (Loss)	<u>(794,713)</u>	<u>(1,396)</u>	<u>(796,109)</u>
Nonoperating Revenues:			
Investment Revenue	4,906	0	4,906
Federally Donated Commodities	87,507	0	87,507
Operating Grants - State & Lo	38,957	0	38,957
Operating Grants - Federal	<u>550,766</u>	<u>0</u>	<u>550,766</u>
Total Nonoperating Revenues	<u>682,136</u>	<u>0</u>	<u>682,136</u>
Net Income (Loss)	(112,577)	(1,396)	(113,973)
Retained Earnings, Beginning of	<u>175,919</u>	<u>23,148</u>	<u>199,067</u>
Retained Earnings, End of Year	<u>\$63,342</u>	<u>\$21,752</u>	<u>\$85,094</u>

See accompanying notes.

Mt. Healthy City School District
 Combined Statement of Cash Flows
 All Proprietary Fund Types
 For the Year Ended June 30, 2002

	Proprietary Fund Types		Totals
	Enterprise	Internal Service	(Memorandum Only)
Cash Flows from Operating Activities:			
Cash Received from Charges for Services	\$454,130	\$0	\$454,130
Cash Received from Miscellaneous Sources	211,745	28,324	240,069
Cash Payments for Personal Services	(885,985)	0	(885,985)
Cash Payments for Contract Services	(42,152)	0	(42,152)
Cash Payments for Supplies & Materials	(400,496)	0	(400,496)
Cash Payments for Other Expenses	(3,559)	(29,574)	(33,133)
Net Cash Provided (Used) by Operating Activities	<u>(666,317)</u>	<u>(1,250)</u>	<u>(667,567)</u>
Cash Flows from Noncapital Financing Activities:			
Cash Received from Operating Grants	<u>589,723</u>	<u>0</u>	<u>589,723</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>589,723</u>	<u>0</u>	<u>589,723</u>
Cash flows From Investing Activities:			
Cash Received from Investment Earnings	<u>5,521</u>	<u>0</u>	<u>5,521</u>
Net Cash Provided (Used) by Investing Activities	<u>5,521</u>	<u>0</u>	<u>5,521</u>
Net (Decrease) in Cash and Cash Equivalents	(71,073)	(1,250)	(72,323)
Cash and Cash Equivalents at Beginning of Year	<u>193,651</u>	<u>23,148</u>	<u>216,799</u>
Cash and Cash Equivalents at End of Year	<u>\$122,578</u>	<u>\$21,898</u>	<u>\$144,476</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	(\$794,713)	(\$1,396)	(\$796,109)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation	21,773	0	21,773
Donated Commodities Used	87,507	0	87,507
Changes in Assets and Liabilities:			
Decrease in Accounts Receivables	625	0	625
Decrease in Materials & Supplies Inventory	7,903	0	7,903
Increase in Accounts Payable	5,230	146	5,376
Increase in Accrued Wages & Benefits	4,865	0	4,865
Increase in Compensated Absences Payable	9,007	0	9,007
(Decrease) in Deferred Revenue	(8,514)	0	(8,514)
Net Cash Provided (Used) by Operating Activities	<u>(\$666,317)</u>	<u>(\$1,250)</u>	<u>(\$667,567)</u>

See accompanying notes.

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**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
MOUNT HEALTHY CITY SCHOOL DISTRICT, OHIO**

JUNE 30, 2002

A. DESCRIPTION OF THE DISTRICT

The District was chartered by the Ohio State Legislature in 1832 when state laws were enacted to create local Boards of Education. Today, the District operates under current standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 and Section 119.01 of the Ohio Revised Code.

The District operates, under a locally elected five-member Board form of government and provides educational services as authorized by its charter or further mandated by state and/or federal agencies. This Board controls the District's instructional and support facilities staffed by approximately 182 support staff personnel and approximately 302 certificated full time teaching and administrative personnel to provide services to students and other community members.

The District is the 10th largest in Hamilton County in terms of enrollment. It currently operates 6 elementary schools, 2 middle schools (grades 7-8), and 1 high school (grades 9-12).

The School District is associated with three organizations, two of which are defined as jointly governed organizations, and one as an insurance purchasing pool. These organizations are the Hamilton/Clermont Cooperative Association, the Great Oaks Institute of Technology Joint Vocational School, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes N and O to the general purpose financial statements.

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 accounting policies are described below.

THE REPORTING ENTITY

For financial reporting purposes the District's financial statements include all funds and account groups and component units for which the District is financially accountable based upon criteria set forth in GASB Statement 14. Generally, component units are legally separate organizations for which the elected officials of the primary government (i.e., the District) are financially accountable. The District would consider an organization to be a component unit if:

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

BASIS OF PRESENTATION - FUND ACCOUNTING

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

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

General Fund

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

Special Revenue Funds

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

Debt Service Fund

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

Capital Projects Funds

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

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

Enterprise Funds

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

Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost reimbursement basis.

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 and Agency Funds. The Expendable Trust Fund is accounted for in essentially the same manner as governmental funds. The Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

General Fixed Assets Account Group

This group of 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 both accounted for on a spending, or "financial flow," measurement focus. Governmental fund types and expendable trust fund operating statements represent increases and decreases in net

current assets. Their reported fund balances are considered a measure of available spendable resources.

Proprietary fund types are accounted for on a cost of services, or "capital maintenance," measurement focus. Proprietary fund types income statements represent increases and decreases in net total assets.

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

BUDGETARY DATA

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

Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Expenditures are recorded when encumbered, or paid in cash (budgetary), as opposed to when susceptible to accrual (GAAP).

The actual results of operations, compared to the final appropriation, which includes amendments to the original appropriation, for each fund type by expenditure function and revenue by source are presented in the *Combined Statement of Revenues, Expenditures and Changes in Fund 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 amounts shown in the budget to actual comparisons.

The District adopts an annual budget for all funds, except Agency Funds. Because the activity of the Agency Funds is not budgeted, advances-in and advances-out do not equal on a budgetary basis due to an advance of \$251 made to several Agency Funds from the General Fund. The specific timetable is as follows:

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 April 1, the Board of Education accepts by formal resolution, the tax rates as determined by the Budget Commission and receives the commission's Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate.

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

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

Formal budgetary integration is employed as a management control device during the year for all funds consistent with statutory provisions. All 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 reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during the fiscal year 2001-02.

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

ENCUMBRANCES

Encumbrance accounting is utilized by District Funds in the normal course of operations for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability.

For governmental fund types encumbrances outstanding at fiscal year end appear as a reserve of the fund balance on a GAAP Basis and for all budgeted funds as equivalent of expenditures/expenses on a non-GAAP budgetary basis in order to demonstrate legal compliance.

CASH AND INVESTMENTS

Cash received by the District is pooled and deposited in one bank account with individual fund balance integrity maintained throughout. Monies for all funds are maintained in these accounts or are temporarily used to purchase short-term cash equivalent investments (maturity date within three months of the date acquired). Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments" on the combined balance sheet. State statute authorizes the District to invest in obligations of the U.S. Treasury, commercial paper and repurchase agreements, and in the State Treasury Asset Reserve of Ohio (STAROhio). STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2002.

Under existing Ohio statutes, all investment earnings accrue to the General Fund, except those specifically related to Auxiliary Services and Food Service as authorized by Board resolution. Investment earnings are allocated to these funds based on average monthly cash balances. Investment income earned in fiscal 2002 totaled \$121,124.

For purposes of the Statement of Cash Flows (GASB Statement No. 9) and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District are considered to be cash equivalents.

Investments in the District's cash and investments are stated at fair value as determined by quoted market prices.

RESTRICTED CASH

Restricted cash in the General Fund represents cash and cash equivalents set aside to establish a budget stabilization reserve. A fund balance reserve has also been established.

INVENTORY (MATERIALS AND SUPPLIES)

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

FIXED ASSETS AND DEPRECIATION

General Fixed Assets Account Group - General fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year in the General Fixed Assets Account Group. Donated fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$1,000 and a useful life of less than 3 years. No depreciation is recognized for assets in the General Fixed Assets Account Group. The District does not possess any infrastructure.

Proprietary Funds - Fixed assets 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 is computed using the straight-line basis over the following estimated useful lives:

<u>Asset</u>	<u>Life (years)</u>
Furniture, Fixtures and Equipment	5 to 20

INTERGOVERNMENTAL REVENUES

In governmental funds, entitlements and non-reimbursable grants are recorded as receivables and revenues when all eligibility requirements have been satisfied and the resources are available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred and the resources becomes available. Grants for proprietary fund operations are recognized as revenue when all eligibility requirements have been satisfied or when earned, to the extent revenues are collectible and measurable.

INTERFUND TRANSACTIONS

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

Routine transfers of resources from one fund to another fund through which resources to be expended are recorded as operating transfers.

Reimbursements from one fund to another fund are treated as expenditures/expenses in the reimbursing fund and as a reduction in expenditures/expenses in the reimbursed fund.

Short-term interfund loans are reflected as interfund loans payable/receivable, while long-term interfund loans (greater than one year in length) are recorded as advances to/from other funds. The District has no long-term advances as of June 30, 2002.

COMPENSATED ABSENCES

GASB Statement 16 specifies that compensated absences should be accrued as they are earned by employees if both 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.

The District's policies regarding compensated absences are determined by state laws and/or negotiated agreements. In summary, the policies are as follows:

<u>Vacation</u>	<u>Certified</u>	<u>Administrators</u>	<u>Non-Certificate</u>
How earned	Not Eligible	15-20 days service at start of each contract year	10-20 days for each year depending on length of service
Maximum Accumulation	Not Applicable	Unlimited	Unlimited
Vested	Not Applicable	As Earned	As Earned
Termination Entitlement	Not Applicable	Paid upon Termination	Paid upon Termination
<u>Sick Leave</u>	<u>Certified</u>	<u>Administrators</u>	<u>Non-Certificate</u>
How Earned	1-1/2 days per month of employment (18 days per year)	1-1/2 days per month of employment (18 days per year)	1-1/2 days per month of employment (18 days per year)
Maximum Accumulation	265 days	265 days	265 days
Vested	As Earned	As Earned	As Earned
Termination Entitlement	Per Contract	Per Contract	Per Contract

For governmental funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of its respected governmental fund. Amounts that are not expected to be liquidated with expendable available financial resources are reported in the General Long-Term Obligations Account Group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

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.

FUND EQUITY

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available spendable resources and therefore are not available for current appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation, in future periods. Fund equity reserves are established for encumbrances, property taxes and budgetary set-asides.

ESTIMATES

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

MEMORANDUM ONLY-TOTAL COLUMNS

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

AUTHORITATIVE SOURCES

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

C. EQUITY IN POOLED CASH AND INVESTMENTS

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

Active Deposits - Those deposits 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 Deposits - Those deposits not required for use within the current five 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, or as savings or deposit accounts, including, but not limited to passbook accounts.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. 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 (STAROhio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in a amount not to exceed 25% of the interim moneys available for investment at any one time; and,

8. Under limited circumstances, corporate debt interest 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 these securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At fiscal year end the unobligated or carrying amount of the District's deposits was \$901,691. The bank balance was \$1,265,051 (both amounts are exclusive of payroll clearance accounts). Of the bank balance, \$200,000 was covered by federal depository insurance and the remaining balance was uninsured and uncollateralized as defined by GASB, although it was secured by collateral held by third party trustees, pursuant to Section 135.181 Ohio Revised Code, in collateral pools securing all public funds on deposit with specific depository institutions; these securities not being in the name of the District.

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

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

	Carrying Value/ <u>Fair Value</u>
STAROhio	<u>\$1,725,853</u>

STAROhio is not categorized by level of risk because it is not evidenced by securities that exist in physical or book entry form.

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

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$2,628,544	\$0
Investment:		
STAR Ohio	(1,725,853)	1,725,853
GASB Statement No. 3	<u>\$901,691</u>	<u>\$1,725,853</u>

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging pooled securities in lieu of pledging specific securities. Specifically, a designated 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 105% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

D. INTERFUND RECEIVABLES/PAYABLES

As of June 30, 2002 receivables and payables that resulted from various interfund transactions were as follows:

Fund Type	Interfund Receivable	Interfund Payables
General Fund	\$521,567	\$4,906
Special Revenue Funds	4,066	503,067
Capital Projects Funds	0	14,907
Enterprise Funds	4,906	7,386
Agency Funds	0	273
Total All Funds	<u>\$530,539</u>	<u>\$530,539</u>

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 2002 were based are as follows:

Tangible Personal	\$ 28,056,100
Real Estate	<u>269,886,230</u>
Total Assessed Property Value	<u>\$297,942,330</u>

In 2002, real property taxes were levied in January on the assessed values as of January 1, 2001, the lien date. Assessed values are established by the County Auditor at 35% of appraised market value. A revaluation of real property is required to be completed no less than every six years, with a statistical update every third year. The most recent revaluation was completed in January 2001.

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 2002, each business was eligible to receive a \$10,000 exemption in assessed value, which was reimbursed by the State.

Real property taxes are payable annually or semi-annually. In 2002, if paid annually, payment was due by January 20th. If paid semi-annually, the first payment (at least 1/2 amount billed) was due January 20th with the remainder due on June 20th.

The County Auditor remits portions of the taxes collected to all taxing Districts with periodic settlements of real and public utility property taxes in February and August and tangible personal property taxes in June and October. The District records billed but uncollected property taxes as receivables at their estimated net realizable value.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes, which are measurable at year-end. Delinquent property taxes collected within 60 days are included as a receivable and tax revenue as of year end. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30, 2002 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.

F. FIXED ASSETS

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Land & Land Improvements	\$ 2,870,237	\$ 0	\$ 0	\$ 2,870,237
Building & Building Improvements	10,494,830	0	0	10,494,830
Furniture & Equipment	<u>3,837,399</u>	<u>21,348</u>	<u>0</u>	<u>3,858,747</u>
Total	<u>\$17,202,466</u>	<u>\$21,348</u>	<u>\$ 0</u>	<u>\$17,223,814</u>

A summary of the proprietary fund fixed assets at fiscal year-end:

Land, Building, Furniture and Equipment	\$ 545,855
Less: Accumulated Depreciation	<u>(390,225)</u>
Net Fixed Assets - Proprietary Fund	<u>\$155,630</u>

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

During the year ended June 30, 2002, the following changes occurred in liabilities reported in the General Long-Term Obligations Account Group. Compensated absences will be paid from the fund from which the employee is paid.

	<u>Balance</u> <u>Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>End of Year</u>
Compensated Absences	\$1,241,135	\$ 396,057	\$ 0	\$1,637,192
Accrued Wages & Benefits	170,147	5,166	0	175,313
Energy Conservation Loan	<u>483,763</u>	<u>0</u>	<u>104,158</u>	<u>379,605</u>
Total	<u>\$1,895,045</u>	<u>\$401,223</u>	<u>\$104,158</u>	<u>\$2,192,110</u>

Energy Conservation Loan – On July 27, 1995, Mt. Healthy City School District obtained a \$1,000,000 unvoted general obligation loan for the purpose of providing energy conservation measures for the District, under the authority of Ohio Revised Code sections 133.06(g) and 3313.372. The loan was obtained at an interest rate of 5.35% for a ten year period with final maturity during year 2005. The loan will be retired from the Debt Service Fund.

Principal and interest requirements to retire the energy conservation loan outstanding at June 30, 2002, are as follows:

<u>Year Ending</u>	<u>Amount</u>
2003	\$127,510
2004	127,510
2005	127,510
Thereafter	<u>31,878</u>
Total Loan Payments	\$414,408
Less: Amount Representing Interest	<u>34,803</u>
Total Principal Balance	<u>\$379,605</u>

H. SEGMENT INFORMATION

Enterprise Funds - The District maintains two Enterprise Funds to account for the operation of Food Service and Adult Education. The table below reflects, in a summarized format, the more significant financial data relating to the Enterprise Funds of the District as of and for the current year end.

	<u>Food Service</u>	<u>Adult Education</u>	<u>Total</u>
Operating Revenues	\$447,984	\$217,266	\$665,250
Operating Expenses before depreciation	1,211,834	226,356	1,438,190
Depreciation	21,773	0	21,773
Operating Income (Loss)	(785,623)	(9,090)	(794,713)
Donated Commodities	87,507	0	87,507
Operating Grants and other nonoperating revenues	594,629	0	594,629
Net Income (Loss)	(103,487)	(9,090)	(112,577)
Net Working Capital	(73,411)	(18,877)	(92,288)
Total Assets	294,648	9,946	304,594
Total Liabilities	212,429	28,823	241,252
Total Equity	82,219	(18,877)	63,342

I. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During the fiscal year, Indiana Insurance Company provided property insurance to the District. Great American Insurance Company provides Liability Insurance coverage with a \$3,000,000 aggregate limit to all employees and volunteers of the District.

All vehicles are insured by Nationwide Insurance Company and hold a \$250 deductible for comprehensive and collision. Automobile liability has a \$1,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past ten years.

The District carries performance bonds in the amount of \$20,000 for the Superintendent, Treasurer and Board President by Fidelity and Deposit Company of Maryland. The Indiana Insurance. Co. also maintains a \$5,000 public officials blanket bond for all employees. The District pays the Ohio State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The District provides a minimum of \$45,000 life insurance and accidental death and dismemberment insurance policy to all employees through Union Central Life Insurance Co.

The District offers Medical/Surgical/Hospitalization Insurance benefits to all employees through Choice Care, which is a Health Care Maintenance Organization. The Board pays the monthly fixed premium for family or single benefits.

J. EMPLOYEE RETIREMENT SYSTEMS

SCHOOL EMPLOYEES RETIREMENT SYSTEM

The Mt. Healthy City School District contributes to the School Employees Retirement System of Ohio (SERS), a profit-sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit 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. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Plan members are required to contribute 9% of their annual covered salary and the Mt. Healthy City School District is required to contribute 14%. The District is required to contribute at an actuarially determined rate, which maybe amended up to statutory maximum amounts established by SERS's Retirement Board, within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's contributions to SERS for the years ending June 30, 2002, 2001 and 2000 were \$611,700, \$561,516 and \$494,772, respectively; 49% has been contributed for fiscal year 2002 and 100% for the fiscal years 2001 and 2000.

STATE TEACHERS RETIREMENT SYSTEM

The Mt. Healthy 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 Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statement 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% of their annual covered salary and the Mt. Healthy City School District is required to contribute 14%. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's contributions to STRS for the years ending June 30, 2002, 2001, and 2000 were \$2,215,896, \$2,021,544 and \$1,843,992, respectively; 83% has been contributed for fiscal year 2002 and 100% for the fiscal years 2001 and 2000.

SOCIAL SECURITY SYSTEM

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2002, one of the five board of education members have elected Social Security. The Board's liability is 6.2% of wages paid.

K. 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-certified employees and their dependents through the School Employees Retirement Systems (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly medical care premiums. Benefit provisions and the obligation 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.

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% of covered payroll. The Retirement Board allocates employer contributions equal to 4.5% of covered payroll to the Health Care Reserve Fund.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3.256 billion at June 30, 2001. For the year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000 and STRS has 102,132 eligible benefit recipients.

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

For this fiscal year, employer contributions to fund health care benefits were 9.80% of covered payroll, an increase from 8.45% for fiscal year 2001. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For 2002, the minimum pay was established at \$12,400. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2001, were \$161,439,934 and the target level was \$242.2 million. At June 30, 2001, SERS had net assets available for payment of health care benefits of \$315.7 million. SERS has approximately 50,000 participants currently receiving health care benefits.

L. 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 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 of 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 Type</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Projects Funds</u>
GAAP Basis	\$196,672	(\$487,517)	(\$7,759)	\$13,674
Net Adjustment for Revenue Accruals	(528,518)	(27,106)	0	0
Net Adjustment for Expenditure Accruals	6,151	139,931	70,691	62,000
Encumbrance	<u>(294,391)</u>	<u>(128,451)</u>	<u>(4,423)</u>	<u>(65,784)</u>
Budgetary Basis	<u>(\$620,086)</u>	<u>(\$503,143)</u>	<u>\$58,509</u>	<u>\$9,890</u>

M. CONTINGENT LIABILITIES

GRANTS

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

N. JOINTLY GOVERNED ORGANIZATIONS

The Hamilton/Clermont Cooperative Association (HCCA) is a computer service organization whose primary function is to provide information technology services to its members. Currently, the District along with 31 other member school districts in the Ohio counties of Hamilton and Clermont are participants. The Association was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The governing board of HCCA consists of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the board. Each of the schools support HCCA based upon a per pupil charge dependent upon the software package utilized. Financial information can be obtained from

their fiscal agent, the Hamilton County Education Service Center, Donald Rabe who serves as Treasurer, at 11083 Hamilton Avenue, Cincinnati, Ohio 45231

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

O. INSURANCE PURCHASING POOL

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

P. STATE SCHOOL FUNDING DECISION

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

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

Q. ACCOUNTABILITY AND COMPLIANCE

Accountability

The Special Revenue and Debt Service Funds had negative fund balances at year end of \$442,893 and \$7,759 respectively. The negative fund balance in the Special Revenue Funds is primarily due to negative cash balances in certain funds. However, the negative fund balance in the Debt Service Fund is due to the application of generally accepted accounting principles and does not exist on a cash basis.

Compliance

At June 30, 2002, the following cash basis deficit fund balances existed:

Special Revenue Funds	
Title VI-B	\$94,240
Title I	283,041
Drug Free Schools	4,576
Raising the Bar	67,637
Capital Projects Fund	
Tech Equity	14,907

The District intends to more closely monitor the fund balances in the future and transfer or advance cash as needed.

The following funds had appropriations in excess of estimated resources plus available balances for the fiscal year ended June 30, 2002:

<u>Fund Type/Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
Special Revenue Funds			
Auxiliary Services	\$255,198	\$288,758	(\$33,560)
Title I	599,094	819,721	(220,627)
Capital Projects Fund			
School Net	28,841	150,879	(122,038)

R. STATUTORY RESERVES

The District is required by State statute to annually set aside certain General Fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 2002, 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	\$ 168,887
Required Set-Aside	474,771	474,771	0
Prior Year Disbursements			
Carried Forward	(283,812)	0	0
Qualifying Expenditures	<u>(190,959)</u>	<u>(474,771)</u>	<u>0</u>
Balance, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$168,887</u>

Expenditures for instructional materials activity during the year totaled \$299,232, which exceeded the amount required for the set-aside.

Expenditures for capital activity during the year totaled \$638,925, which exceeded the amount required for the set-aside.

Senate Bill 345 eliminated the Budget Stabilization Reserve, except the amounts related to unspent Bureau of Worker's Compensation refunds. The Bill stipulates that the Board of Education can retain the reserve account or use the reserve for specific discretionary purposes.

Mt. Healthy City School District
 Schedule of Federal Awards Receipts and Expenditures
 For the Year Ended June 30, 2002

Federal Grantor / Pass Through Grantor / Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Expenditures
U.S. Department of Agriculture				
<i>Passed Through Ohio Department of Education:</i>				
Nutrition Cluster:				
School Breakfast Program	05-PU 2002	10.553	\$86,862	\$86,862
National School Lunch Program	04-PU 2002	10.555	<u>446,270</u>	<u>446,270</u>
Total Nutrition Cluster			533,132	533,132
Child and Adult Care Food Program	21-ML 2002	10.558	<u>2,623</u>	<u>2,623</u>
Total U.S. Department of Agriculture			535,755	535,755
U.S. Department of Health & Human Services				
<i>Passed Through Ohio Department of Mental Retardation:</i>				
Medical Assistance Program	3100441	93.778	<u>98,042</u>	<u>98,042</u>
Total U.S. Department of Health & Human Services			98,042	98,042
U.S. Department of Education				
<i>Passed Through Ohio Department of Education:</i>				
Title I Grant to Local Educational Agencies	C1-S1 2002	84.010	203,486	476,072
Special Education Cluster:				
Special Education - Grant to States (IDEA Part 6B-SF 2002 P		84.027	327,155	328,492
Special Education - Preschool Grant	PG-S1-2002P	84.173	<u>19,046</u>	<u>19,046</u>
Total Special Education Cluster			346,201	347,538
Safe and Drug-Free Schools and Communities	DR-S1-02	84.186	40,537	39,001
Goals 2000: Education Systemic Improvement Grant	G2-S1 01/02	84.276	1,000	3,870
Eisenhower Professional Development Grant	MS-S1 2002	84.281	23,903	18,850
Innovative Educational Program Strategies	C2-S1 2002	84.298	23,816	20,527
Technology Literacy Challenge Grant	TF-S1 5	84.318	0	2,364
Class Size Reduction	CR-S1 2002	84.340	93,447	133,761
Title I Accountability Grant	AK-S1 02	84.348	44,000	73,381
School Renovation Grant	AT-S1 02	84.352	<u>1,051</u>	<u>1,051</u>
Total U.S. Department of Education			777,441	1,116,415
U.S. Department of Labor				
<i>Passed Through Ohio Department of Education:</i>				
School to Work	2K-02-0504	84.278	<u>44,164</u>	<u>37,689</u>
Total U.S. Department of Labor			44,164	37,689
Total Federal Financial Assistance			<u>\$1,455,402</u>	<u>\$1,787,901</u>

Note A - Noncash Federal Financial Assistance

During the year ended June 30, 2002, the District received \$78,993 and used \$87,507 in fair value inventory un Nutrition Cluster - Food Distribution (Commodities) Program, Federal CFDA Number 10.550, that is not reported in the above schedule. At June 30, 2002, the District had no significant food commodities inventory.

Note B - Significant Accounting Policies

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

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

Board of Education
Mt. Healthy City School District
7615 Harrison Avenue
Cincinnati, Ohio 45231

We have audited the financial statements of the Mt. Healthy City School District (the District), as of and for the year ended June 30, 2002 and have issued our report thereon dated February 14, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompany schedule of findings and questioned costs as items 2002-01 and 2002-02.

We also noted other immaterial instances of noncompliance that we have reported to the management of the District in a separate letter dated February 14, 2003.

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. However, we noted a certain matter involving the internal control over financial reporting and its operations that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operations of the internal control over financial reporting that in our judgement, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. This reportable condition is described in the accompanying schedule of findings and questioned costs as item 2002-03.

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

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

We also noted other matters involving the internal control over financial reporting that we have reported to the management of the District in a separate letter dated February 14, 2003.

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

J. L. Uhrig and Associates, I nc.

J. L. UHRIG AND ASSOCIATES, INC.

February 14, 2003

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

Board of Education
Mt. Healthy City School District
7615 Harrison Avenue
Cincinnati, Ohio 45231

Compliance

We have audited the compliance of Mt. Healthy 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 programs for the year ended June 30, 2002. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2002.

Internal Control over Compliance

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

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

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

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

J. L. Uhrig and Associates, I nc.

J. L. UHRIG AND ASSOCIATES, INC.

February 14, 2003

MT. HEALTHY CITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2002

A. SUMMARY OF AUDITOR'S RESULTS

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

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

Finding Number 2002-01

Ohio Revised Code Section 5705.09, in summary, states that each subdivision shall establish a general fund and other individual specific funds which are designed for specific purposes. Ohio Revised Code Section 5705.10, in summary, further states that the money paid into any individual fund shall be used only for the purposes for which such fund is established. The District had several individual funds that carried a negative fund cash balance at year end. These negative fund cash balances indicate that the District overspent the available cash balance in these individual funds, and therefore, used money from another fund(s) which was established for a different purpose.

MT. HEALTHY CITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2002

Finding Number 2002-01 (Continued)

The District needs to closely monitor the activity of each individual fund and not allow any individual fund to be overspent. If the available fund cash balance is not sufficient to cover expenditures that need to be made, advances can be made from the general fund to cover such expenditures until adequate revenues are received and the advances can be repaid.

Finding Number 2002-02

Section 5705.39 of the Ohio Revised Code, in summary, states that appropriations should not exceed estimated resources for any fund. The District had several funds with total appropriations that exceeded the total estimated resources.

The District should properly monitor the amendments that they file to insure that the appropriations do not exceed estimated resources.

Finding Number 2002-03

The District did not make all of the required monthly payments on their energy conservation loan during the 2002 fiscal year. The required monthly loan payments amount to \$127,510 annually. The District made loan payments totaling \$56,819 during the fiscal year, leaving payments of \$70,691 that were unpaid and accrued as a matured liability at year end.

We recommend that the District make all required monthly payments on the energy conservation loan to prevent any default provisions from being initiated or additional interest from being charged.

C. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs for federal awards.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

MT. HEALTHY CITY SCHOOL DISTRICT

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 25, 2003**