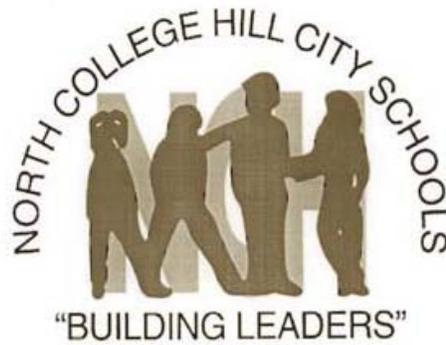


NORTH COLLEGE HILL CITY SCHOOL DISTRICT



Basic Financial Statements

June 30, 2014



Dave Yost • Auditor of State

Board of Education
North College Hill City School District
1731 Goodman Ave
Cincinnati, Ohio 45239

We have reviewed the *Independent Auditor's Report* of the North College Hill City School District, Hamilton County, prepared by Plattenburg & Associates, Inc., for the audit period July 1, 2013 through June 30, 2014. 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 North College Hill City School District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

May 13, 2015

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INDEPENDENT AUDITOR'S REPORT

Board of Education
North College Hill City School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North College Hill City School District (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2014, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2015, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Cincinnati, Ohio
March 30, 2015

**NORTH COLLEGE HILL CITY SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED**

The management's discussion and analysis of the North College Hill City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2014 are as follows:

- In total, the net position of governmental activities decreased \$825,832, which represents a 3.2% decrease from 2013.
- General revenues accounted for \$13,787,163 in revenue or 83.8% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,660,441 or 16.2% of total revenues of \$16,447,604.
- The District had \$17,273,436 in expenses related to governmental activities; \$2,660,441 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$13,787,163 were not adequate to provide for the remainder of these programs.
- The District's major governmental funds are the general fund and debt service fund. The general fund had \$13,165,543 in revenues and other financing sources and \$13,082,927 in expenditures. During fiscal year 2014, the general fund's fund balance increased \$82,616 from 685,305 to \$767,926.
- The District's bond retirement fund had \$638,670 in revenues and \$646,600 in expenditures.

Using these Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund and the debt service fund are by far the most significant funds, and the only governmental funds reported as major funds.

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2014?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include *all assets, liabilities and deferred inflows of resources, revenues, and expenses* using the *accrual basis of*

**NORTH COLLEGE HILL CITY SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's *net position* and changes in those assets. This change in net position is important because it tells the reader that, for the District as a whole, the *financial position* of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the Governmental Activities include the District's programs and services, including instruction, support services, operations and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The District's Statement of Net Position and Statement of Activities can be found on pages 10 and 11 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 7. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and the bond retirement debt service fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 12-16 of this report.

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 17 and 18. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 19-42 of this report.

**NORTH COLLEGE HILL CITY SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

The District as a Whole

Recall that the Statement of Net Position provides the perspective of the District as a whole.

The table below provides a summary of the District's net position for 2014 and 2013.

	Net Position	Net Position	
	Governmental Activities 2014	Governmental Activities 2013	Variance
<u>Assets</u>			
Current and other assets	\$ 8,163,406	\$ 8,335,248	\$ (171,842)
Capital assets, net	<u>36,320,796</u>	<u>37,433,455</u>	<u>(1,112,659)</u>
Total assets	<u>44,484,202</u>	<u>45,768,703</u>	<u>(1,284,501)</u>
<u>Liabilities</u>			
Current liabilities	1,667,261	1,635,516	31,745
Long-term liabilities	<u>14,909,238</u>	<u>15,259,542</u>	<u>(350,304)</u>
Total liabilities	<u>16,576,499</u>	<u>16,895,058</u>	<u>(318,559)</u>
<u>Deferred Inflows</u>			
Property Taxes	<u>2,633,605</u>	<u>2,773,715</u>	<u>(140,110)</u>
<u>Net Position</u>			
Net investment in capital assets	23,038,796	23,835,455	(796,659)
Restricted	2,488,402	2,576,307	(87,905)
Unrestricted	<u>(253,100)</u>	<u>(311,832)</u>	<u>58,732</u>
Total net position	<u>\$ 25,274,098</u>	<u>\$ 26,099,930</u>	<u>\$ (825,832)</u>

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2014, the District's assets exceeded liabilities and deferred inflows by \$25,274,098. Of this total, (\$253,100) is unrestricted in use.

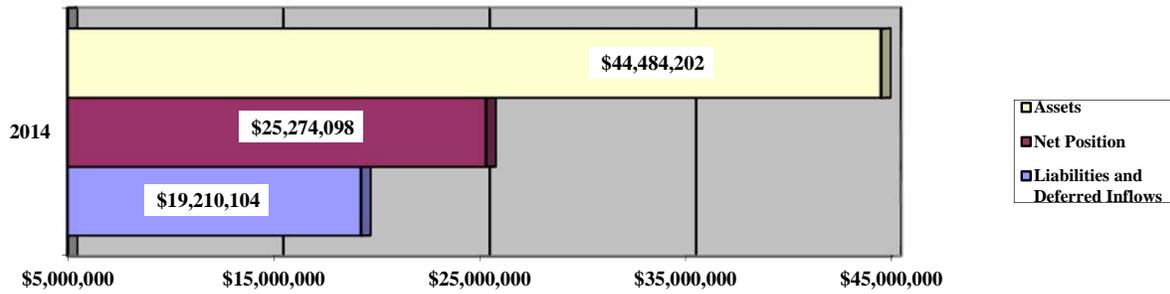
At year-end, capital assets represented 81.65% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2014 were \$23,038,796. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$2,488,402 represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of (\$253,100) may be used to meet the District's ongoing obligations to the students and creditors.

**NORTH COLLEGE HILL CITY SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

Governmental Activities



The table below shows the change in net position for fiscal year 2014 and 2013.

Change in Net Position

	Governmental Activities 2014	Governmental Activities 2013	Variance
<u>Revenues</u>			
Program revenues:			
Charges for services and sales	\$ 410,493	\$ 438,687	\$ (28,194)
Operating grants and contributions	2,220,390	2,316,044	(95,654)
Capital grants and contributions	29,558	56,579	(27,021)
General revenues:			
Property taxes	4,760,294	4,354,195	406,099
Grants and entitlements	8,942,703	8,411,191	531,512
Payment in Lieu of Taxes	1,791	0	1,791
Investment earnings	1,375	1,560	(185)
Other	81,000	108,413	(27,413)
Total revenues	<u>\$16,447,604</u>	<u>\$15,686,669</u>	<u>\$760,935</u>

**NORTH COLLEGE HILL CITY SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

Change in Net Position

	Governmental Activities 2014	Governmental Activities 2013	Variance
<u>Expenses</u>			
Program expenses:			
Instruction:			
Regular	\$ 6,877,326	\$ 7,068,856	\$ (191,530)
Special	3,738,941	2,807,777	931,164
Vocational	53,091	36,418	16,673
Student Intervention Services	28,111	514	27,597
Support services:			
Pupil	1,188,472	1,123,255	65,217
Instructional staff	437,721	689,153	(251,432)
Board of education	43,746	43,752	(6)
Administration	1,056,822	1,006,405	50,417
Fiscal	321,983	364,362	(42,379)
Business	12,952	11,962	990
Operations and maintenance	1,354,596	1,481,087	(126,491)
Pupil transportation	215,305	250,395	(35,090)
Central	17,081	7,014	10,067
Operations of non-instructional services	1,010,445	968,972	41,473
Extracurricular activities	346,529	320,528	26,001
Interest and fiscal charges	570,315	801,145	(230,830)
Total expenses	<u>17,273,436</u>	<u>16,981,595</u>	<u>291,841</u>
Change in net position	(825,832)	(1,294,926)	469,094
Net position at beginning of year	<u>26,099,930</u>	<u>27,394,856</u>	<u>(1,294,926)</u>
Net position at end of year	<u>\$ 25,274,098</u>	<u>\$ 26,099,930</u>	<u>\$ (825,832)</u>

Governmental Activities

Net position of the District's governmental activities decreased \$825,832. Total governmental expenses of \$17,273,436 were offset by program revenues of \$2,660,441 and general revenues of \$13,787,163. Program revenues supported 15.4% of the total governmental expenses.

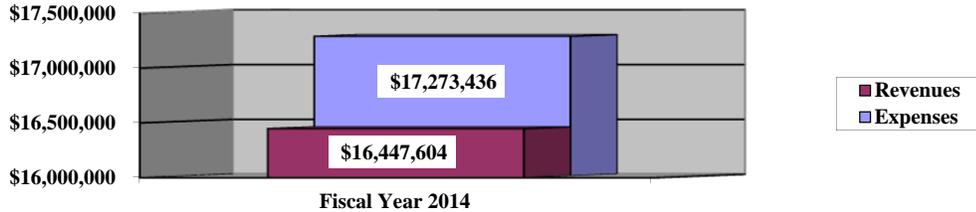
The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These revenue sources represent 83.3% of total governmental revenue. The largest expense of the District is for instructional programs. Instruction expenses totaled \$10,697,469 or 61.9% of total governmental expenses for fiscal 2014.

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2014.

**NORTH COLLEGE HILL CITY SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

Governmental Activities - Revenues and Expenses



The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

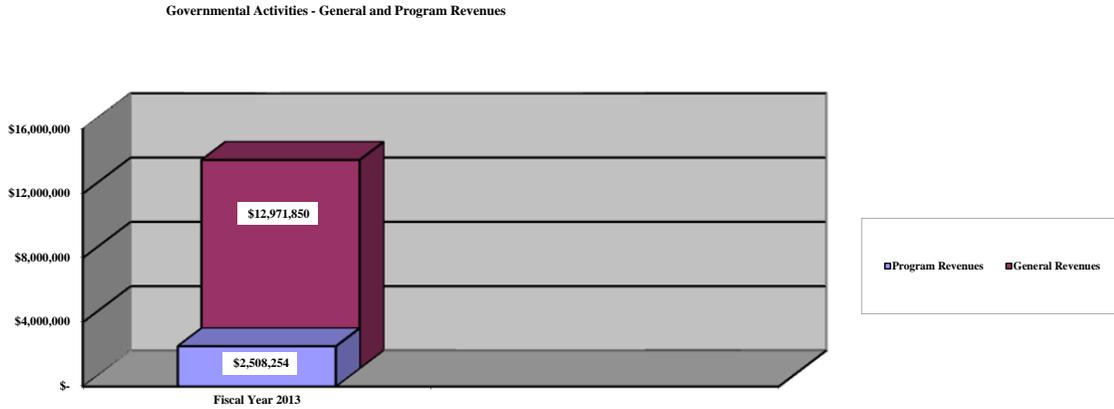
	Governmental Activities			
	Total Cost of Services 2014	Net Cost of Services 2014	Total Cost of Services 2013	Net Cost of Services 2013
Program expenses				
Instruction:				
Regular	\$ 6,877,326	\$ 6,523,453	\$ 7,068,856	\$ 6,682,872
Special	3,738,941	2,844,969	2,807,777	2,077,064
Vocational	53,091	46,516	36,418	36,418
Student intervention services	28,111	28,111	514	514
Support services:				
Pupil	1,188,472	990,605	1,123,255	951,775
Instructional staff	437,721	372,617	689,153	353,493
Board of education	43,746	43,746	43,752	43,752
Administration	1,056,822	1,056,822	1,006,405	1,006,405
Fiscal	321,983	266,977	364,362	277,611
Business	12,952	12,952	11,962	11,962
Operations and maintenance	1,354,596	1,349,566	1,481,087	1,391,870
Pupil transportation	215,305	158,972	250,395	250,395
Central	17,081	11,681	7,014	1,614
Operations of non-instructional services	1,010,445	42,431	968,972	14,692
Extracurricular activities	346,529	293,262	320,528	268,703
Interest and fiscal charges	570,315	570,315	801,145	801,145
Total expenses	\$ 17,273,436	\$ 14,612,995	\$ 16,981,595	\$ 14,170,285

The dependence upon taxes and other general revenues for governmental activities is apparent, 88.3% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 84.6%. The State, as a whole, is by far the primary support for the District's students.

**NORTH COLLEGE HILL CITY SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED**

The graph below presents the District's governmental activities revenue for fiscal year 2014.



The District's Funds

The District's governmental funds reported a combined fund balance of \$2,992,368, which is lower than last year's total of \$3,326,151. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2014 and 2013.

	<u>Fund Balance June 30, 2014</u>	<u>Fund Balance June 30, 2013</u>	<u>Increase/(Decrease)</u>	<u>Percentage Change</u>
General	\$ 767,921	\$ 685,305	\$ 82,616	12.06 %
Bond Retirement	659,939	667,869	(7,930)	(1.19) %
Other Governmental	<u>1,564,508</u>	<u>1,972,977</u>	<u>(408,469)</u>	<u>(20.70) %</u>
Total	<u>\$ 2,992,368</u>	<u>\$ 3,326,151</u>	<u>\$ (333,783)</u>	<u>(10.04) %</u>

General Fund

The District's general fund balance increased \$82,616. The increase in fund balance can be attributed to several items related to increasing expenditures. Expenditures exceeded revenues for fiscal year 2014 by \$82,616. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

**NORTH COLLEGE HILL CITY SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

	2014 <u>Amount</u>	2013 <u>Amount</u>	Increase <u>(Decrease)</u>	Percentage <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 3,765,281	\$ 3,477,104	\$ 288,177	8.29 %
Tuition	281,179	300,410	(19,231)	(6.40) %
Earnings on investments	682	834	(152)	(18.23) %
Intergovernmental	9,029,312	8,412,912	616,400	7.33 %
Other revenues	<u>89,089</u>	<u>132,373</u>	<u>(43,284)</u>	(32.70) %
 Total	 <u>\$ 13,165,543</u>	 <u>\$ 12,323,633</u>	 <u>\$ 841,910</u>	 6.83 %
<u>Expenditures</u>				
Instruction	\$ 8,788,454	\$ 8,147,967	\$ 640,487	7.86 %
Support services	4,029,779	3,919,764	110,015	2.81 %
Non-instructional services	1,799	1,762	37	2.10 %
Extracurricular activities	<u>262,895</u>	<u>260,860</u>	<u>2,035</u>	0.78 %
 Total	 <u>\$ 13,082,927</u>	 <u>\$ 12,330,353</u>	 <u>\$ 752,574</u>	 6.10 %

Tax revenue increased as a result an increase in collections over the previous year. Tuition revenue decreased due to open enrollment offered in the District. Children of employees are no longer charged tuition. Instead, they are accepted under open enrollment. Intergovernmental revenues increased due to the change in state funding which gave economically disadvantaged districts additional funding. Extracurricular expenditures increased due to an increase in extracurricular operations provided by the District in the current year. Support services decreased due to the in-house servicing of more of our special needs students. The District purchased Chromebooks and other technology to improve the learning experiences of our students. If our students are to attempt to perform on the same level as other wealthier districts, they must be provided with the same tools.

Bond Retirement Fund

The District's bond retirement fund had \$638,670 in revenues and \$646,600 in expenditures. During fiscal year 2014, the bond retirement fund's fund balance decreased \$7,930 from \$667,869 to \$659,939.

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

During the course of fiscal 2014, the District amended its general fund budget several times. For the general fund, original budgeted revenues and other financing sources were \$11,843,115 and final budgeted revenues and other financing sources were \$13,023,642. Actual revenues and other financing sources for fiscal 2014 were \$13,059,239. This represents a \$35,597 increase over final budgeted revenues.

General fund original appropriations (appropriated expenditures including other financing uses) of \$3,069,847 were increased to \$13,446,413 in the final appropriations. The actual budget basis expenditures for fiscal year 2014 totaled \$13,142,107, which was \$304,306 less than the final budget appropriations.

**NORTH COLLEGE HILL CITY SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

Capital Assets

At the end of fiscal 2014, the District had \$36,320,796 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal 2014 balances compared to 2013:

**Capital Assets at June 30
(Net of Depreciation)**

	Governmental Activities	
	2014	2013
Land	\$ 84,688	\$ 84,688
Land improvements	4,269	10,537
Building and improvements	35,822,405	36,714,896
Furniture and equipment	404,825	613,883
Vehicles	4,609	9,451
Total	\$ 36,320,796	\$ 37,433,455

The overall decrease in capital assets of \$1,112,659 is due to the depreciation expense of \$1,115,154 in the fiscal year.

See Note 8 to the basic financial statements for additional information on the District's capital assets.

Debt

At June 30, 2014, the District had \$13,282,000 in bonds and other long-term obligations outstanding. The following table shows fiscal 2014 balances compared to fiscal 2013:

	Balance Outstanding 06/30/14	Balance Outstanding 06/30/13
<u>General Obligation Bonds:</u>		
School Improvement Bonds	\$ 8,435,000	\$ 8,630,000
Capital Appreciation Bonds	90,000	90,000
School Improvement Bonds	1,175,000	1,220,000
Capital Appreciation Bonds	50,000	50,000
<u>Other Long-Term Obligations:</u>		
Certificate of Participation	3,532,000	3,608,000
	\$ 13,282,000	\$ 13,598,000

See Note 9 to the basic financial statements for further details on the District's long-term liabilities.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mrs. Sandy Chance, Treasurer, of North College Hill City School District, 1731 Goodman Avenue, Cincinnati, Ohio 45239.

**NORTH COLLEGE HILL CITY SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities
Assets:	
Equity in pooled cash and investments	\$ 2,603,100
Receivables:	
Taxes	5,086,745
Accounts	1,696
Intergovernmental	454,408
Materials and supplies inventory	1,754
Inventory Held for Resale	15,703
Capital assets:	
Land	84,688
Depreciable capital assets, net	36,236,108
Total capital assets, net	36,320,796
 Total assets.	 44,484,202
 Liabilities:	
Accounts payable.	24,324
Accrued interest payable.	38,511
Accrued wages and benefits	1,219,877
Intergovernmental payable	273,040
Matured Compensated Absences Payable.	111,509
Long-term liabilities:	
Due within one year.	695,249
Due within more than one year	14,213,989
 Total liabilities	 16,576,499
 Deferred Inflows of Resources:	
Property Taxes	2,633,605
 Net Position:	
Net investment in capital assets.	23,038,796
Restricted for:	
Capital projects	1,347,274
Debt service.	480,037
Other purposes	634,881
Set Asides	26,210
Unrestricted.	(253,100)
 Total net position	 \$ 25,274,098

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTH COLLEGE HILL CITY SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Governmental activities:					
Instruction:					
Regular	\$ 6,877,326	\$ 281,379	\$ 60,831	\$ 11,663	\$ (6,523,453)
Special	3,738,941	-	893,972	-	(2,844,969)
Vocational	53,091	-	6,575	-	(46,516)
Student intervention services	28,111	-	-	-	(28,111)
Support services:					
Pupil	1,188,472	-	197,867	-	(990,605)
Instructional staff	437,721	-	65,104	-	(372,617)
Board of education	43,746	-	-	-	(43,746)
Administration	1,056,822	-	-	-	(1,056,822)
Fiscal	321,983	-	42,141	12,865	(266,977)
Business	12,952	-	-	-	(12,952)
Operations and maintenance	1,354,596	-	-	5,030	(1,349,566)
Pupil transportation	215,305	-	56,333	-	(158,972)
Central	17,081	-	5,400	-	(11,681)
Operation of non-instructional services:					
Food service operations	982,183	80,045	863,780	-	(38,358)
Other non-instructional services	28,262	-	24,189	-	(4,073)
Extracurricular activities	346,529	49,069	4,198	-	(293,262)
Interest and fiscal charges	570,315	-	-	-	(570,315)
Total governmental activities	\$ 17,273,436	\$ 410,493	\$ 2,220,390	\$ 29,558	\$ (14,612,995)
General Revenues:					
Property and other local taxes levied for:					
General purposes					3,775,941
Classroom Facilities Maintenance					81,251
Capital projects					306,668
Debt service					596,434
Grants and entitlements not restricted to specific programs					8,942,703
Payments in Lieu of Taxes					1,791
Investment earnings					1,375
Miscellaneous					81,000
Total general revenues					13,787,163
Change in net position					(825,832)
Net position at beginning of year					26,099,930
Net position at end of year					\$ 25,274,098

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTH COLLEGE HILL CITY SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 470,819	\$ 429,939	\$ 1,676,132	\$ 2,576,890
Receivables:				
Taxes	4,013,903	655,887	416,955	5,086,745
Accounts	1,196	-	500	1,696
Intergovernmental	-	-	454,408	454,408
Interfund receivable	258,380	-	-	258,380
Inventory Held for Resale	-	-	15,703	15,703
Materials and supplies inventory	-	-	1,754	1,754
Restricted assets:				
Equity in pooled cash and cash equivalents	26,210	-	-	26,210
Total assets	<u>\$ 4,770,508</u>	<u>\$ 1,085,826</u>	<u>\$ 2,565,452</u>	<u>\$ 8,421,786</u>
Liabilities:				
Accounts payable	\$ 11,793	\$ -	\$ 12,531	\$ 24,324
Accrued wages and benefits	1,103,159	-	116,718	1,219,877
Intergovernmental payable	232,223	-	40,817	273,040
Matured Compensated Absences Payable	111,509	-	-	111,509
Interfund payable	-	-	258,380	258,380
Total liabilities	<u>1,458,684</u>	<u>-</u>	<u>428,446</u>	<u>1,887,130</u>
Deferred Inflows of Resources:				
Property Taxes	2,067,225	348,331	218,049	2,633,605
Unavailable Revenues	476,678	77,556	354,449	908,683
Total deferred inflows of resources	<u>2,543,903</u>	<u>425,887</u>	<u>572,498</u>	<u>3,542,288</u>
Fund Balances:				
Non Spendable	-	-	1,754	1,754
Restricted	26,210	659,939	1,830,485	2,516,634
Assigned	100,015	-	-	100,015
Unassigned (Deficit)	641,701	-	(267,736)	373,965
Total fund balances	<u>767,926</u>	<u>659,939</u>	<u>1,564,503</u>	<u>2,992,368</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 4,770,513</u>	<u>\$ 1,085,826</u>	<u>\$ 2,565,447</u>	<u>\$ 8,421,786</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTH COLLEGE HILL CITY SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2014

Total Governmental Fund Balances		\$ 2,992,368
 Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Land	84,688	
Capital assets net of accumulated depreciation	36,236,108	
Total capital assets		36,320,796
 Some of the School District's revenues will be collected after fiscal year-end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.		
Property Taxes	603,140	
Intergovernmental	305,543	
		908,683
 In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, and interest expenditure is reported when due.		
		(38,511)
 Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Bonds and certificate of participation	(13,282,000)	
Accretion on capital appreciation bonds	(194,756)	
Premium on debt issue	(218,947)	
Compensated absences	(1,213,535)	
Total liabilities		(14,909,238)
 Net Position of Governmental Activities		 \$ 25,274,098

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTH COLLEGE HILL CITY SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
From local sources:				
Taxes	\$ 3,765,281	\$ 596,289	\$ 387,015	\$ 4,748,585
Tuition	281,179	-	500	281,679
Earnings on investments	682	-	693	1,375
Charges for services	-	-	79,545	79,545
Rentals	200	-	-	200
Contributions and Donations	18,942	-	4,198	23,140
Extracurricular	6,565	-	42,504	49,069
Payments in Lieu of Taxes	1,405	240	146	1,791
Other revenue	61,977	-	19,023	81,000
Intergovernmental	<u>9,029,312</u>	<u>42,141</u>	<u>1,872,319</u>	<u>10,943,772</u>
Total revenue	<u>13,165,543</u>	<u>638,670</u>	<u>2,405,943</u>	<u>16,210,156</u>
Expenditures:				
Current:				
Instruction:				
Regular	5,814,516	-	43,999	5,858,515
Special	2,894,830	-	864,375	3,759,205
Vocational	50,997	-	-	50,997
Student intervention services	28,111	-	-	28,111
Support services:				
Pupil	994,427	-	187,547	1,181,974
Instructional staff	474,090	-	19,196	493,286
Board of education	43,746	-	-	43,746
Administration	981,916	-	5,550	987,466
Fiscal	300,744	10,499	5,947	317,190
Business	12,952	-	-	12,952
Operations and maintenance	986,914	-	367,398	1,354,312
Pupil transportation	219,214	-	-	219,214
Central	15,776	-	1,305	17,081
Operation of non-instructional services:				
Food service operations	-	-	965,108	965,108
Other non-instructional services	1,799	-	26,463	28,262
Extracurricular activities	262,895	-	83,634	346,529
Debt service:				
Principal retirement	-	240,000	76,000	316,000
Interest and fiscal charges	-	396,101	167,890	563,991
Total expenditures	<u>13,082,927</u>	<u>646,600</u>	<u>2,814,412</u>	<u>16,543,939</u>
Excess of revenues over (under) expenditures	<u>82,616</u>	<u>(7,930)</u>	<u>(408,469)</u>	<u>(333,783)</u>
Net change in fund balances	82,616	(7,930)	(408,469)	(333,783)
Fund balances at beginning of				
year	<u>685,310</u>	<u>667,869</u>	<u>1,972,972</u>	<u>3,326,151</u>
Fund balances at end of year	<u>\$ 767,926</u>	<u>\$ 659,939</u>	<u>\$ 1,564,503</u>	<u>\$ 2,992,368</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTH COLLEGE HILL CITY SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2014

Net Change in Fund Balances - Total Governmental Funds \$ (333,783)

**Amounts reported for governmental activities in the
Statement of Activities are different because:**

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital assets additions	2,495	
Depreciation expense	<u>(1,115,154)</u>	
Excess of depreciation expense over capital outlay		(1,112,659)

Because some revenues will not be collected for several months after the School District's fiscal year-end, they are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues changed by this amount this fiscal year.

Property Taxes	11,709	
Intergovernmental	<u>225,739</u>	
		237,448

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds:

Accrued interest on bonds and notes	32,858	
Amortization of bond premium	10,426	
Accretion on capital appreciation bonds	<u>(49,608)</u>	
		(6,324)

Repayment of long-term debt and payments to the refunded bond escrow agent are reported as expenditures in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current fiscal year, these amounts consist of:

Certificates of participation payment	76,000	
Bond principal retirement	<u>240,000</u>	
Total long-term debt repayment		316,000

Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in compensated absences	<u>73,486</u>	
		<u>73,486</u>

Change in Net Position of Governmental Activities \$ (825,832)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTH COLLEGE HILL CITY SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Taxes	\$ 3,521,171	\$ 3,625,281	\$ 3,625,281	\$ -
Tuition.	197,500	233,050	281,227	48,177
Earnings on investments.	5	710	682	(28)
Extracurricular.	7,500	8,505	6,565	(1,940)
Rentals.	-	500	200	(300)
Other local revenues	-	34,170	31,398	(2,772)
Intergovernmental - State	8,116,939	9,036,426	9,036,431	5
Total revenue	<u>11,843,115</u>	<u>12,938,642</u>	<u>12,981,784</u>	<u>43,142</u>
Expenditures:				
Current:				
Instruction:				
Regular	1,459,932	5,909,911	5,828,077	81,834
Special.	534,796	2,901,301	2,764,034	137,267
Vocational.	9,588	51,850	48,722	3,128
Student Intervention Services	75	35,875	28,625	7,250
Other.	9,675	12,500	10,859	1,641
Support services:				
Pupil.	253,075	1,078,000	1,005,920	72,080
Instructional staff	93,657	573,862	544,507	29,355
Board of education	10,325	56,888	44,970	11,918
Administration.	224,132	985,424	987,980	(2,556)
Fiscal	91,538	345,237	312,494	32,743
Business	3,500	12,700	12,952	(252)
Operations and maintenance.	259,179	1,116,229	1,014,981	101,248
Pupil transportation	59,213	235,662	230,755	4,907
Central.	668	18,005	16,323	1,682
Operation of non-instructional services	500	1,700	1,799	(99)
Extracurricular activities.	58,244	91,269	271,789	(180,520)
Total expenditures	<u>3,068,097</u>	<u>13,426,413</u>	<u>13,124,787</u>	<u>301,626</u>
Excess of revenues over (under) expenditures.	<u>8,775,018</u>	<u>(487,771)</u>	<u>(143,003)</u>	<u>344,768</u>
Other financing sources (uses):				
Refund of prior year expenditure.	-	84,000	76,702	(7,298)
Refund of prior year receipts.	(1,250)	(19,500)	(17,320)	2,180
Advances (out)	(500)	(500)	-	500
Proceeds from sale of capital assets.	-	1,000	753	(247)
Total other financing sources (uses)	<u>(1,750)</u>	<u>65,000</u>	<u>60,135</u>	<u>(4,865)</u>
Net change in fund balance	8,773,268	(422,771)	(82,868)	339,903
Fund balance at beginning of year.	680,606	680,606	680,606	-
Prior year encumbrances appropriated	35,088	35,088	35,088	-
Fund balance at end of year	<u>\$ 9,488,962</u>	<u>\$ 292,923</u>	<u>\$ 632,826</u>	<u>\$ 339,903</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NORTH COLLEGE HILL CITY SCHOOL DISTRICT
HAMILTON COUNTY, OHIO
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2014

	Private-Purpose Trust	Agency
	Scholarship	
Assets:		
Equity in pooled cash and cash equivalents	\$ 151,329	\$ 14,497
Liabilities:		
Due to students	-	14,497
Net Position:		
Held in trust for scholarships	151,329	-
Total net position	\$ 151,329	\$ -

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTH COLLEGE HILL CITY SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Private-Purpose Trust
	Scholarship
Additions:	
Interest	\$ 67
Gifts and contributions.	12,537
	12,604
Total additions.	12,604
Deductions:	
Scholarships awarded	-
Change in net position	12,604
Net position at beginning of year	138,725
Net position at end of year.	\$ 151,329

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTH COLLEGE HILL CITY SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The North College Hill City School District (the “District”) was chartered by the Ohio State Legislature in 1832 by state laws 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. The District employs 56 non-certified and 105 certified (including administrative) full-time and part-time employees to provide services to approximately 1,703 students in grades K through 12 and various community groups, which ranks it 364 out of approximately 613 public school district in Ohio. It currently operates one elementary school (grades PK-4), one middle school, (grades 5-8) and one high school (grades 9-12).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The District consists of all funds, departments, boards, and agencies that are not legally separate from the District. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, foods service, preschool, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; (2) the District is legally entitled to or can otherwise access the organization’s resources; (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the District. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government). The following organizations are described due to their relationship to the District:

**NORTH COLLEGE HILL CITY SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

JOINTLY GOVERNED ORGANIZATIONS

The Hamilton/Clermont Cooperative Association (HCCA):

The District is a participant in the Hamilton/Clermont Cooperative Association (HCCA) which is a computer consortium. HCCA is an association of 24 public school districts within the boundaries of Hamilton and Clermont Counties. 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 school districts. The governing board of HCCA consists of the superintendents and/or treasurers of the participating districts. HCCA is not accumulating significant financial resources nor is it experiencing fiscal stress that may cause an additional financial benefit to or burden on members in the future. Center. HCCA exercises total control over the operations of the coalition including budgeting, appropriating, contracting and designating management. Financial information can be obtained from the HCCA Board of Education, Dave Horine, Director, at 7615 Harrison Avenue, Cincinnati, Ohio 45231-3107.

PUBLIC ENTITY RISK POOL

Cincinnati USA Regional Chamber Workers' Compensation Group Rating Plan

The District participates in the Cincinnati USA Regional Chamber Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (See Note 10). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP.

B. Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are divided into two categories: governmental and fiduciary.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the District are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities and deferred inflows of resources is reported as fund balance. The following are the District's major governmental funds:

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

Bond Retirement - The bond retirement fund is used for all transactions relating to general long-term debt principal, interest, and related costs.

The nonmajor governmental funds of the District account for grants and other resources whose use is restricted to a particular purpose.

**NORTH COLLEGE HILL CITY SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments, and are therefore not available to support the District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District has two fiduciary funds: a private purpose trust fund used to account for college scholarship programs for students and an agency fund used to account for student managed activity programs.

C. Basis of Presentation and Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and liabilities and deferred inflows of resources associated with the operation of the District are included on the Statement of Net Position. The Statement of Activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred inflows of resources generally are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The private purpose trust fund is reported using the flow of economic resources measurement focus.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the financial statements of the fiduciary fund are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions - 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. "Measurable" means that the amount of the transaction can be determined, and "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 fiscal year-end.

**NORTH COLLEGE HILL CITY SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

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 (see Note 6). 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 fiscal year when the resources are required to be used or the fiscal year when use is first permitted, or 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.

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

Deferred Inflows of Resources – In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance fiscal year 2015 operations. These amounts have been recorded as deferred inflows of resources on both the government-wide Statement of Net Position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds Balance Sheet and represents receivables that will not be collected within the available period. For the District, unavailable revenue includes delinquent property taxes, and intergovernmental grants. These amounts are deferred and recognized as inflows of resources in the period when the amounts become available.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

E. Budgets

The District is required by state statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2014 is as follows:

1. Prior to January 15 of the preceding year, the Superintendent and Treasurer submit 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.
2. By no later than January 20, the board-adopted budget is filed with the Hamilton County Budget Commission for tax rate determination.

**NORTH COLLEGE HILL CITY SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

3. 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 budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final Amended Certificates issued for fiscal year 2014.
4. By July 1, the 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.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriations 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 prior to June 30, 2014; however, none of these amendments were significant. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.
8. 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.

F. Cash and Investments

To improve cash management, all cash received by the District is pooled in a central bank account. Monies for all funds are maintained in the pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the basic financial statements.

During fiscal year 2014, investments were limited to State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices.

**NORTH COLLEGE HILL CITY SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

The District has invested funds in STAR Ohio during fiscal 2014. 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 on June 30, 2014.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the general fund, food service fund, and the private purpose trust funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment account at year-end is provided in Note 4.

G. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments or are imposed by law through constitutional provisions. Restricted assets in the General Fund represent cash and cash equivalents legally required by statute to be set aside to create a reserve for capital acquisitions.

H. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies held for consumption and purchased food held for resale.

I. Capital Assets

Governmental capital assets are those assets that are specifically related to governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$1,000. Improvements are capitalized; however, the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The District does not possess infrastructure.

All reported capital assets, except land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

**NORTH COLLEGE HILL CITY SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

Description	Governmental Activities Estimated Lives
Land improvements	5 - 20 years
Buildings and improvements	20 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	5 - 10 years

J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” Interfund balances are eliminated in the statement of net position.

K. Compensated Absences

Compensated absences of the District consist of vacation leave and severance liability to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2014, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees with at least five years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and severance payments has been calculated using pay rates in effect at June 30, 2014, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

The entire compensated absence liability is reported on the government-wide financial statements.

On the governmental fund financial statements, compensated absences are recognized as a liability and expenditures to the extent that payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “Matured Compensated Absences Payable” in the fund from which the employees will be paid.

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

**NORTH COLLEGE HILL CITY SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and certificates of participation are recognized as a liability on the fund financial statements when due.

M. Fund Balance

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by the highest level of formal action (resolution) of the District. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the District. State statute authorizes the Treasurer to assign fund balance purchases on order provided such amounts have been lawfully appropriated.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit fund balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**NORTH COLLEGE HILL CITY SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

N. Net Position

Net position represents the difference between all of the elements in a statement of financial position. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

O. Bond Premiums and Compounded Interest on Capital Appreciation Bonds

For governmental activities, bond premiums are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. Capital appreciation bonds are accreted each fiscal year for the compounded interest accrued during the fiscal year. Bond premiums and the compounded interest on the capital appreciation bonds are presented as an addition to the face amount of the bonds payable.

On the governmental fund financial statements, bond premiums are recognized in the period in which the bonds were issued. Accretion on the capital appreciation bonds is not reported. Interest on the capital appreciation bonds is recorded as an expenditure when the debt becomes due.

P. Estimates

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

Q. Interfund Activity

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Interfund payments for services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements.

**NORTH COLLEGE HILL CITY SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 - ACCOUNTABILITY

Deficit Fund Balances

Fund balances at June 30, 2014 included the following individual fund deficits:

<u>Nonmajor Funds:</u>	<u>Deficits</u>
School Facilities Maintenance	\$ 8,388
District Managed Activities	8,352
Alternative Education Grant	3,013
Miscellaneous State Grants	9,830
Race to the Top	17,568
Title VI-B Grant	151,769
Title I Grant	68,816
Total	<u>\$ 267,736</u>

These funds complied with Ohio State law, which does not permit a cash basis deficit at year-end. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. These deficit fund balances are the result of adjustments for accrued liabilities.

NOTE 4 – DEPOSITS AND INVESTMENTS

The District maintains a cash and investment pool used by all funds. Each fund type’s portion of this pool is displayed in the basic financial statements as “Equity in Pooled Cash and Cash Equivalents.” Statutes require the classification of monies held by the District into three categories.

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

Inactive deposits are public deposits the Board of Education has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings accounts, including passbook accounts.

Protection of the District’s deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the finance institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;

**NORTH COLLEGE HILL CITY SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 4 – DEPOSITS AND INVESTMENTS - (continued)

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 2% 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; or Ohio Local Governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) above;
7. The State Treasurer’s investment pool (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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

Investments: As of June 30, 2014, the district had the following investments and maturities:

Investment Type	Fair Value	Less Than One Year
STAROhio	\$ 1,034,349	\$ 1,034,349

Interest Rate Risk

The District’s investment policy follows State statute, which requires that an investment mature within five years of the date of purchase, unless matched to a specific obligation or debt of the District, and that an investment must be purchased with the expectation that it will be held to maturity.

**NORTH COLLEGE HILL CITY SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 4 – DEPOSITS AND INVESTMENTS - (continued)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Standard and Poor's rated the District's investment in STAR Ohio AAAM. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The District has no investment policy that addresses credit risk.

NOTE 5 - INTERFUND TRANSACTIONS

Interfund balances at June 30, 2014 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ 258,380

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2014 are reported on the Statement of Net Position.

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2014 represents collections of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed value listed as of January 1, 2013, the lien date. Assessed values for real property taxes are established by state law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2014 represents collections of calendar year 2013 taxes. Public utility real and tangible personal property taxes received in calendar year 2014 became a lien December 31, 2012, were levied after April 1, 2013, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The District receives property taxes from Hamilton County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2014 are available to finance fiscal year 2014 operations. The amount available to be advanced can vary based on the date tax bills are sent.

**NORTH COLLEGE HILL CITY SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 6 – PROPERTY TAXES - (continued)

Accrued property taxes receivable includes real property, public utility property, and tangible personal property taxes which are measurable as of June 30, 2014 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit of deferred inflows of resources– property taxes.

The amount available as an advance at June 30, 2014 was \$1,470,000 in the general fund, \$230,000 in the debt service fund, and \$150,000 in the permanent improvement fund. This amount has been recorded as revenue. The amount available as an advance at June 30, 2013 was \$1,330,000 in the general fund, \$230,000 in the debt service fund, and \$140,000 in the permanent improvement fund.

On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis, the revenue has been reported as deferred inflows of resources – unavailable revenue.

The assessed values upon which the fiscal year 2014 taxes were collected are:

	2014 First Half Collections		2013 Second Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 120,141,010	94.80	\$ 122,412,900	95.35
Public utility personal	6,593,290	5.20	5,968,450	4.65
Total	<u>\$ 126,734,300</u>	<u>100.00</u>	<u>\$ 128,381,350</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation:				
Operations	\$ 57.47		\$ 57.47	
Permanent Improvement	3.90		3.90	
Debt Service	5.40		5.40	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2014 consisted of property taxes, accounts (billings for user charged services and student fees), and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables except for delinquent property taxes are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

**NORTH COLLEGE HILL CITY SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 7 - RECEIVABLES - (continued)

A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities:</u>	<u>Amount</u>
Preschool Grant	\$14,948
Race to the Top Grant	32,035
Special Education Grant	207,608
Title I	165,950
Early Childhood Special Education Grant	707
Title II-A Grant	<u>33,160</u>
Total Intergovernmental Receivable	<u><u>\$454,408</u></u>

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2014 was as follows:

	<u>Balance 6/30/2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2014</u>
<i>Governmental Activities</i>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 84,688	\$ -	\$ -	\$ 84,688
Total capital assets, not being depreciated	<u>84,688</u>	<u>-</u>	<u>-</u>	<u>84,688</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	487,353	-	-	487,353
Buildings and improvements	39,283,965	-	-	39,283,965
Furniture and equipment	1,912,972	2,495	-	1,915,467
Vehicles	<u>81,844</u>	<u>-</u>	<u>-</u>	<u>81,844</u>
Total capital assets, being depreciated	<u>\$ 41,766,134</u>	<u>\$ 2,495</u>	<u>\$ -</u>	<u>\$ 41,768,629</u>
<i>Less: accumulated depreciation</i>				
Land improvements	\$ (476,816)	\$ (6,268)	\$ -	\$ (483,084)
Buildings and improvements	(2,569,069)	(892,491)	-	(3,461,560)
Furniture and equipment	(1,299,089)	(211,553)	-	(1,510,642)
Vehicles	<u>(72,393)</u>	<u>(4,842)</u>	<u>-</u>	<u>(77,235)</u>
Total accumulated depreciation	<u>(4,417,367)</u>	<u>(1,115,154)</u>	<u>-</u>	<u>(5,532,521)</u>
Governmental activities capital assets, net	<u>\$ 37,433,455</u>	<u>\$ (1,112,659)</u>	<u>\$ -</u>	<u>\$ 36,320,796</u>

**NORTH COLLEGE HILL CITY SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 8 - CAPITAL ASSETS (continued)

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 1,046,669
<u>Support Services:</u>	
Pupils	499
Instructional staff	15,393
Administration	25,505
Fiscal	1,020
Operations and maintenance	8,993
Non instructional operations	<u>17,075</u>
Total depreciation expense	<u>\$ 1,115,154</u>

NOTE 9 - LONG-TERM OBLIGATIONS

A. During the fiscal year 2014, the following changes occurred in governmental activities long-term obligations:

	Issue Date	Interest Rate	Balance Outstanding 06/30/13	Additions	Reductions	Balance Outstanding 06/30/14	Amounts Due in One Year
<u>General Obligation Bonds:</u>							
School Improvement Bonds	2008	Varies	\$ 8,630,000	\$ -	\$ (195,000)	\$ 8,435,000	\$ 205,000
Capital Appreciation Bonds	2008		90,000	-	-	90,000	-
Accretion on Capital Appreciation Bonds			127,817	40,675	-	168,492	-
Premium on Bonds Issued			195,383	-	(8,881)	186,502	-
School Improvement Bonds	2010	Varies	1,220,000	-	(45,000)	1,175,000	45,000
Capital Appreciation Bonds	2010		50,000	-	-	50,000	-
Accretion on Capital Appreciation Bonds			17,331	8,933	-	26,264	-
Premium on Bonds Issued			33,990	-	(1,545)	32,445	-
<u>Other Long-Term Obligations:</u>							
Certificate of Participation	2008	3.50%	3,608,000	-	(76,000)	3,532,000	81,000
Compensated absences			<u>1,287,021</u>	<u>537,630</u>	<u>(611,116)</u>	<u>1,213,535</u>	<u>364,249</u>
Total Long-Term Obligations			<u>\$ 15,259,542</u>	<u>\$ 587,238</u>	<u>\$ (937,542)</u>	<u>\$ 14,909,238</u>	<u>\$ 695,249</u>

School Improvement Bonds – In March 2008, North College Hill City School District issued general obligation bonds for construction of new school facilities. The bonds were issued for \$9,500,000 at a variable interest rate and mature December, 2035. Of these bonds, \$90,000 are classified as capital appreciation bonds. The capital appreciation bonds will mature in 2018 and 2019 at \$300,000 and \$305,000 respectively. The \$239,788 premium on the issuance of the bonds is netted against this new debt and will be amortized over the life of this new debt, which has a remainder of 26 years.

**NORTH COLLEGE HILL CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 9 - LONG-TERM OBLIGATIONS – (continued)

The bonds will be retired through the Bond Retirement Fund using tax revenues.

For fiscal year 2014, the capital appreciation bonds were accreted \$40,675.

In December 2010, North College Hill City School District issued general obligation bonds to pay off a previous note that was issued for the construction of new school facilities. The bonds were issued for \$1,325,000 at a variable interest rate and mature December 2035. Of these bonds, \$50,000 are classified as capital appreciation bonds. The capital appreciation bonds will mature in 2018, 2019, and 2020 at \$50,000 each. The \$38,625 premium on the issuance of the bonds is netted against this new debt and will be amortized over the life of this new debt, which has a remainder of 23 years. The bonds will be retired through the Bond Retirement Fund using tax revenues.

For fiscal year 2014, the capital appreciation bonds were accreted \$8,933.

Pursuant to changes that became effective on September 14, 2000, Section 3318.05 of the Ohio Revised Code was amended eliminating the requirement that certain school districts receiving State classroom facilities assistance repay one-half of the required twenty-three year one-half mill levy. From that date forward any school district that had previously been required to make repayment has been directed to cease making the payments to the Ohio School Facilities Commission and to instead deposit one hundred percent of the proceeds in the Classroom Facilities Maintenance Non-major Special Revenue Fund designated by the Auditor of State.

The annual requirements to retire the general obligation debt outstanding at June 30, 2014 are as follows:

Fiscal Year Ending June 30	School Improvement Bonds		Capital Appreciation Bonds	
	Principal	Interest	Principal	Interest
2015	\$ 250,000	\$ 388,389	\$ -	\$ -
2016	280,000	379,620	-	-
2017	295,000	369,583	-	-
2018	310,000	358,576	-	-
2019	-	352,933	60,000	290,000
2020-2024	1,550,000	1,647,900	80,000	325,000
2025-2029	2,480,000	1,209,244	-	-
2030-2034	3,045,000	636,680	-	-
2035-2036	1,400,000	60,850	-	-
Totals	<u>\$ 9,610,000</u>	<u>\$ 5,403,775</u>	<u>\$ 140,000</u>	<u>\$ 615,000</u>

**NORTH COLLEGE HILL CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 9 - LONG-TERM OBLIGATIONS – (continued)

The following table represents the payments required on the Certificate of Participation for the amount outstanding at June 30, 2014:

Ending June 30	Total Payment
2015	\$ 238,218
2016	238,482
2017	239,545
2018	240,383
2019	240,017
2020-2024	1,214,950
2025-2029	1,230,663
2030-2034	1,403,235
2035-2036	657,792
Total	5,703,285
Less: Amount representing interest	(2,171,285)
Total Principal Outstanding	\$ 3,532,000

The certificate of participation obligation relates to the construction of additions and improvements to the high school and middle school. The District is leasing a portion of the project from the Columbus Port Authority. The Columbus Port Authority has assigned US Bank as trustee. US Bank deposited \$3,965,000 in the District's name with the escrow agent for the construction projects in fiscal year 2008. During 2008, the District requested all of the funds previously held by the escrow agent. The District makes semi-annual payments to US Bank. The payments for this debt will be paid from the Permanent Improvement Fund using tax revenues.

Compensated absences will be paid from the fund from which the employee is paid.

B. Legal Debt Margin

The Ohio Revised Code provides that 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, 2014 are a voted debt margin of \$11,406,087 and an unvoted debt margin of \$126,734.

NOTE 10 - RISK MANAGEMENT

A. Comprehensive

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 fiscal year 2014, the District contracted with the Trident Insurance Company for liability, property, and fleet insurance. Coverages provided by the Trident Insurance Company are as follows:

**NORTH COLLEGE HILL CITY SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 10 - RISK MANAGEMENT – (continued)

<u>Description</u>	<u>Amount</u>
Building and Contents	\$41,259,237
Deductible	1,000
Liability	
School Board Errors and Omissions Liability	
Each wrongful act limit	1,000,000
Annual aggregate limit	3,000,000
Deductible	2,500
General Liability	
Per occurrence combined single limit	1,000,000
Annual aggregate limit	3,000,000
Employee Benefits Liability	
Each wrongful act limit	1,000,000
Annual aggregate limit	3,000,000
Stop Gap	
Each accident	1,000,000
Disease each employee	1,000,000
Disease policy limit	1,000,000
Automotive Liability	
Liability	
Per occurrence combined single limit	1,000,000
Medical payments limit	5,000
Uninsured/underinsured motorists coverage	1,000,000
Auto Physical Damage (actual cash value)	
Comprehensive deductible	250
Collision deductible	500

Settled claims have not exceeded this commercial coverage in any of the past three years.

B. Workers' Compensation

The District participates in the Cincinnati USA Regional Chamber Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (see Note 2.A.). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP.

The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to entities that can meet the GRP's selection criteria. The firm of Sheakley Unicom provides administrative, cost control and actuarial services to the GRP. Each fiscal year, the District pays an enrollment fee to the GRP to cover the costs of administering the program.

**NORTH COLLEGE HILL CITY SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 11 - DEFINED BENEFIT PENSION PLANS – (continued)

A. School Employees Retirement System

Plan Description – The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Funding Policy – Plan members are required to contribute 10.0 percent of their annual covered salary, and the District is required to contribute 14.0 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10.0 percent for plan members and 14.0 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2014, the allocation to pension and death benefits was 13.1 percent. The remaining 0.9 percent of the 14.0 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2014, 2013, and 2012 were \$212,384, \$236,932, and \$282,192, respectively. The full amount has been contributed for all three fiscal years.

B. State Teachers Retirement System

Plan Description – The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that can be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771; by calling (888) 227-7877; or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans: a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50. Benefits are established by Ohio Revised Code Chapter 3307.

**NORTH COLLEGE HILL CITY SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 11 - DEFINED BENEFIT PENSION PLANS – (continued)

A DB or Combined Plan member with five or more years of credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 11.0 percent for members and 14.0 percent for employers. The statutory maximum employee contribution rate was increased one percent July 1, 2013 and will be increased one percent each year until it reaches 14.0 percent on July 1, 2016. For the fiscal year ended June 30, 2014, plan members were required to contribute 11.0 percent of their annual covered salary. The District was required to contribute 14.0 percent; 13.0 percent was the portion used to fund pension obligations.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013, and 2012 were \$878,979, \$849,380, and \$869,160, respectively. The full amount has been contributed for all three fiscal years. Member and employer contributions actually made for DC and Combined Plan participants will be provided upon written request to STRS.

NOTE 12 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description – The District participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan, and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans, as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report, which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14.0 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2014, 0.14 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for fiscal year 2014, this amount was \$20,250. During fiscal year 2014, the School District paid \$59,152 in surcharge.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility, and retirement status.

**NORTH COLLEGE HILL CITY SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 12 - POSTEMPLOYMENT BENEFITS – (continued)

The District's contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012 were \$2,124, \$2,708, and \$28,824, respectively. The full amount has been contributed for fiscal years 2014, 2013, and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2014, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$11,529, \$12,524, and \$15,319, respectively. The full amount has been contributed for all three fiscal years.

B. State Teachers Retirement System

Plan Description – The District participates in the cost-sharing multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio, which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2014, STRS Ohio allocated employer contributions equal to one percent of covered payroll to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012 were \$62,784, \$60,670, and \$62,082, respectively. The full amount has been contributed for all three fiscal years. The STRS Board voted to discontinue the current one percent allocation to the health care fund effective July 1, 2014.

NOTE 13 - 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.

The Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

**NORTH COLLEGE HILL CITY SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING – (continued)

- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis).
- (d) Some funds are reported as part of the general fund (GAAP basis) as opposed to the general fund being reported alone (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

Net Change in Fund Balance

	<u>General Fund</u>
GAAP Basis	\$ 82,616
Net adjustment for revenue accruals	(106,304)
Net adjustment for expenditure accruals	63,403
Net adjustment for encumbrances	(122,583)
Budgetary Basis	\$ (82,868)

NOTE 14 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, State, and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

The District is involved in no material litigation as either plaintiff or defendant.

NOTE 15 - STATUTORY RESERVES

The District is required by state law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2014, the reserve activity was as follows:

**NORTH COLLEGE HILL CITY SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 15 - STATUTORY RESERVES – (continued)

	<u>Capital Maintenance</u>
Set-aside cash balance as of June 30, 2013	\$ -
Current year set-aside requirement	283,763
Qualifying disbursements	<u>(257,553)</u>
Reserved for Set-aside as of June 30, 2014	<u>\$ 26,210</u>
Restricted Cash as of June 30, 2014	<u>\$ 26,210</u>

NOTE 16 – FUND BALANCES

Fund balance is classified as non spendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Bond Retirement	Nonmajor Governmental Funds	Total
<i>Nonspendable</i>				
Inventory	\$ -	\$ -	\$ 1,754	\$ 1,754
<i>Restricted for</i>				
Set Asides	26,210	-	-	26,210
Food Service	-	-	386,939	386,939
Local Grants	-	-	139,713	139,713
State Grants	-	-	4,095	4,095
Federal Grants	-	-	1,370	1,370
OSFC Maintenance	-	-	190,367	190,367
Debt Service	-	659,939	-	659,939
Capital Improvements	-	-	1,108,001	1,108,001
<i>Total Restricted</i>	<u>26,210</u>	<u>659,939</u>	<u>1,830,485</u>	<u>2,516,634</u>
<i>Assigned to</i>				
Purchases on Order	100,015	0	0	100,015
<i>Unassigned (Deficit)</i>	<u>641,701</u>	<u>0</u>	<u>(267,736)</u>	<u>373,965</u>
<i>Total Fund Balances</i>	<u>\$ 767,926</u>	<u>\$ 659,939</u>	<u>\$ 1,564,503</u>	<u>\$ 2,992,368</u>

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NORTH COLLEGE HILL CITY SCHOOL DISTRICT



Single Audit Reports

June 30, 2014

**NORTH COLLEGE HILL CITY SCHOOL DISTRICT
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2014**

Federal Grant/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
Passed Through Ohio Department of Education:						
Child Nutrition Cluster:						
National School Breakfast Program	3L70	10.553	\$250,471	\$0	\$250,471	\$0
National School Lunch Program	3L60	10.555	528,887	71,236	528,887	71,236
Summer Food Service	3L60	10.559	61,020	0	61,020	0
Total U.S. Department of Agriculture - Child Nutrition Cluster			<u>840,378</u>	<u>71,236</u>	<u>840,378</u>	<u>71,236</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>						
Passed Through Ohio Department of Education:						
Special Education Cluster:						
Special Education Grants to States	3M20	84.027	156,514	0	283,693	0
Special Education Preschool Grants	3C50	84.173	7,066	0	7,066	0
Total Special Education Cluster			<u>163,580</u>	<u>0</u>	<u>290,759</u>	<u>0</u>
Career & Technical Education Basic Grants	N/A	84.048	3,500	0	3,069	0
Title I Grants to Local Educational Agencies	3M00	84.010	684,548	0	667,562	0
English Language Acquisition Grants	N/A	84.365	0	0	2,295	0
Improving Teacher Quality	3Y60	84.367	24,819	0	30,402	0
Race to the Top - ARRA	3FD0	84.395	80,244	0	66,783	0
Total U.S. Department of Education			<u>956,691</u>	<u>0</u>	<u>1,060,870</u>	<u>0</u>
Total Federal Assistance			<u>\$1,797,069</u>	<u>\$71,236</u>	<u>\$1,901,248</u>	<u>\$71,236</u>

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A -- SIGNIFICANT ACCOUNTING POLICIES

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

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Education
North College Hill City School District

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North College Hill City School District (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 30, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the District in a separate letter dated March 30, 2015.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.

Cincinnati, Ohio

March 30, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Board of Education
North College Hill City School District

Report on Compliance for Each Major Federal Program

We have audited the North College Hill City School District's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2014. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on

compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated March 30, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Plattenburg & Associates, Inc.
Plattenburg & Associates, Inc.
Cincinnati, Ohio
March 30, 2015

**NORTH COLLEGE HILL CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2014**

Section I – Summary of Auditor’s Results

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(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 significant control deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any material reported 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 the any other significant control deficiencies reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under Section .510?	No
(d)(1)(vii)	Major Programs (list): Title I Grants to Local Educational Agencies -CFDA# 84.010	
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

Section II – Findings Related to the Financial Statements Required to be reported in Accordance with GAGAS

None

Section III – Federal Award Findings and Questioned Costs

None

**NORTH COLLEGE HILL CITY SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS AND
QUESTIONED COSTS -OMB CIRCULAR A-133
JUNE 30, 2014**

No prior audit findings or questioned costs.



Dave Yost • Auditor of State

NORTH COLLEGE HILL 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
MAY 26, 2015**