



**HAMILTON LOCAL SCHOOL DISTRICT  
COLUMBUS REGION, FRANKLIN COUNTY  
SINGLE AUDIT  
JULY 1, 1998 - JUNE 30, 1999  
FISCAL YEAR AUDITED UNDER GAGAS: 1999**

**HAMILTON LOCAL SCHOOL DISTRICT  
FRANKLIN COUNTY**

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HAMILTON LOCAL SCHOOL DISTRICT  
FRANKLIN COUNTY

ELECTED OFFICIALS AND LEGAL COUNSEL  
AS OF JUNE 30, 1999

<u>Board of Education</u>	<u>Title</u>	<u>Term of Office</u>
Sandra D. Bloom	President	1/01/98 - 12/31/01
M. Judy Campbell	Vice-President	1/01/96 - 12/31/99
Ed Tucker	Board Member	1/01/96 - 12/31/99
Bryce Clark	Board Member	1/01/98 - 12/31/99
Eunice McMullen	Board Member	1/01/98 - 12/31/99

Legal Counsel:

Squire, Sanders, & Dempsey  
1300 Huntington Center  
41 South High Street  
Columbus, Ohio 43215

Entity Address:

4999 Lockbourne Road  
Columbus, Ohio 43207

The District has liability insurance on the board President, Vice-President, and three Members with Nationwide Mutual Insurance Company in the amount of \$20,000 per person.

HAMILTON LOCAL SCHOOL DISTRICT  
FRANKLIN COUNTY

ADMINISTRATIVE PERSONNEL  
AS OF JUNE 30, 1999

<u>TITLE</u>	<u>TERM OF OFFICE OR CONTRACT PERIOD</u>	<u>SURETY</u>	<u>AMOUNT</u>	<u>PERIOD</u>
<u>Superintendent</u>				
John Cornette (Retired) Bill Wittman	8/01/97 - 7/31/00	(A)	\$ 20,000	1/01/97 - 1/01/00
<u>Treasurer</u>				
Scott D. Osborne	1/12/98 - 1/01/00	(A)	\$ 50,000	1/01/98 - 1/01/00
<u>Assistant Superintendent</u>				
Janine Taylor	8/01/97 - 7/31/00	(A)	\$ 20,000	8/01/97 - 1/01/00

(A) - Nationwide Mutual Insurance Company



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Columbus, Ohio 43215

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Board of Education  
Hamilton Local School District  
Columbus, Ohio

We have reviewed the Independent Auditor's Report of the Hamilton Local School District, Franklin County, prepared by Jones, Cochenour & Co., for the audit period July 1, 1998 through June 30, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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



JIM PETRO  
Auditor of State

May 31, 2000



## INDEPENDENT AUDITORS' REPORT

Board of Education  
Hamilton Local School District  
Columbus, Ohio

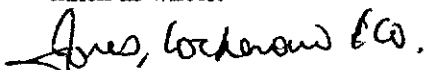
We have audited the accompanying general purpose financial statements of Hamilton Local School District as of and for the year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of Hamilton Local School District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material aspects, the financial position of Hamilton Local School District, as of June 30, 1999, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2000 on our consideration of Hamilton Local School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

  
Jones, Cochenour & Co.  
March 24, 2000

**Hamilton Local School District  
Combined Balance Sheet  
All Fund Types and Account Groups  
June 30, 1999**

	Governmental Fund Types				Proprietary Fund Types			Fiduciary Fund Types			Account Groups		Totals
	General	Special Revenue	Debt Service	Capital Project	Enterprise	Internal Service	Trust and Agency	Fixed Assets	General	Long Term Debt	1999	(Memorandum)	
<b>Assets and Other Debits:</b>													
Equity in Pooled Cash and Investments	\$ 2,581,128	200,933	0	83,692	1,390	486,468	315,363	0	0	0	\$ 3,678,974		
Restricted Assets	190,278	0	0	0	0	0	0	0	0	0	190,278		
Taxes Receivable	6,370,134	0	133,178	0	0	0	0	0	0	0	6,503,312		
Interfund Receivable	539,036	0	0	0	0	0	0	0	0	0	539,036		
Intergovernmental Receivables	7,798	0	0	0	29,898	0	0	0	0	0	37,696		
Accounts Receivable	55,088	308	0	0	230	0	0	0	0	0	55,626		
Inventory for Resale	0	0	0	0	23,297	0	0	0	0	0	23,297		
Prepaid Expenses	19,534	0	0	0	0	0	0	0	0	0	19,534		
Net Property, Plant & Equipment	0	0	0	0	59,131	0	0	12,430,278	0	0	12,489,409		
Amount Available in Debt Service Fund	0	0	0	0	0	0	0	0	23,067	0	23,097		
Amount to be Provided for Retirement of General Long Term Debt	0	0	0	0	0	0	0	0	0	0	0		
<b>Total Assets and Other Debits</b>	<b>\$ 9,772,996</b>	<b>201,241</b>	<b>133,178</b>	<b>83,692</b>	<b>113,946</b>	<b>486,468</b>	<b>315,363</b>	<b>12,430,278</b>	<b>2,713,411</b>	<b>2,736,508</b>	<b>\$ 26,273,670</b>		

See Accompanying Notes to the General Purpose Financial Statements.

(Continued)

**Hamilton Local School District  
Combined Balance Sheet  
All Fund Types and Account Groups, Continued  
June 30, 1999**

	Governmental Fund Types					Proprietary Fund Types			Fiduciary Fund Types			Account Groups			Totals 1999 (Memorandum) (Only)
	General	Special Revenue		Debt Service	Capital Project	Enterprise	Internal Service	Trust and Agency	Fixed Assets	General	Long Term Debt	General	Long Term Debt		
		Revenue	Debt Service											General	
<b>Liabilities:</b>															
Interfund Payable	\$ 0	450,800	0	0	0	87,415	0	821	0	0	0	0	0	\$ 539,036	
Intergovernmental Payable	604,563	7,657	0	0	0	19,788	0	0	0	88,434	0	0	0	720,442	
Accounts Payable	493,405	27,572	0	17,207	0	2,945	0	122	0	0	0	0	0	541,151	
Accrued Salaries and Benefits	1,162,067	53,349	0	0	0	49,298	0	0	0	0	0	0	0	1,264,714	
Deferred Revenue	5,296,548	0	110,081	0	0	9,656	0	0	0	0	0	0	0	5,396,285	
Due to Others	0	0	0	0	0	0	0	284,650	0	0	0	0	0	284,650	
General Obligation Bonds Payable	0	0	0	0	0	0	0	0	0	1,755,000	0	0	0	1,755,000	
Compensated Absences Payable	35,288	0	0	0	0	32,340	0	0	0	893,074	0	0	0	960,682	
<b>Total Liabilities</b>	<b>7,561,851</b>	<b>539,378</b>	<b>110,081</b>	<b>17,207</b>	<b>0</b>	<b>201,342</b>	<b>0</b>	<b>285,593</b>	<b>0</b>	<b>2,736,508</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,451,960</b>	
<b>Fund Equity and Other Credits:</b>															
Investment in General Fixed Assets	0	0	0	0	0	0	0	0	0	12,430,278	0	0	0	12,430,278	
Retained Earnings	0	0	0	0	0	(87,396)	486,468	0	0	0	0	0	0	399,072	
<b>Fund Balances:</b>															
Reserved for Encumbrances	355,686	95,299	0	83,078	0	0	0	1,000	0	0	0	0	0	535,063	
Reserved for Budget Stabilization	190,278	0	0	0	0	0	0	0	0	0	0	0	0	190,278	
Reserved for Future Appropriation	1,103,587	0	23,096	0	0	0	0	0	0	0	0	0	0	1,126,683	
Unreserved Fund Balance	581,594	(433,436)	1	(16,593)	0	0	0	26,770	0	0	0	0	0	140,336	
<b>Total Fund Equity</b>	<b>2,211,145</b>	<b>(338,137)</b>	<b>23,097</b>	<b>66,485</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>29,770</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,982,360</b>	
<b>Total Fund Balances/Retained Earnings and Other Credits</b>	<b>2,211,145</b>	<b>(338,137)</b>	<b>23,097</b>	<b>66,485</b>	<b>(87,396)</b>	<b>486,468</b>	<b>0</b>	<b>29,770</b>	<b>12,430,278</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14,821,710</b>	
<b>Total Liabilities, Fund Equity, and Other Credits</b>	<b>\$ 9,772,996</b>	<b>201,241</b>	<b>133,178</b>	<b>83,692</b>	<b>113,946</b>	<b>486,468</b>	<b>315,363</b>	<b>12,430,278</b>	<b>2,736,508</b>	<b>\$ 26,273,670</b>					

See Accompanying Notes to the General Purpose Financial Statements.



**Hamilton Local School District**  
**Combined Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**All Governmental Fund Types and Similar Fiduciary Fund Types**  
**Year Ended June 30, 1999**

	Governmental Fund Types				Fiduciary Fund Types	Totals (Memorandum (Only))
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>REVENUES:</b>						
Taxes	\$ 5,928,874	0	131,029	0	0	\$ 6,059,903
Tuition	2,280	0	0	0	0	2,280
Earnings on Investments	317,320	0	0	0	0	317,320
Extracurricular Activities	0	116,863	0	0	0	116,863
Classroom Materials and Fees	1,461	0	0	0	0	1,461
Miscellaneous	68,172	42,435	0	0	66,731	177,338
Revenue from State Sources						
Unrestricted Grants-in-Aid	8,080,073	31,717	11,321	0	0	8,123,111
Restricted Grants-in-Aid	40,700	63,372	0	265,679	0	369,751
Revenue for/on Behalf of District	11,270	0	0	0	0	11,270
Revenue from Federal Sources						
Restricted Grants-in-Aid	0	119,878	0	0	0	119,878
<b>Total Revenue</b>	<b>14,450,150</b>	<b>374,265</b>	<b>142,350</b>	<b>265,679</b>	<b>66,731</b>	<b>15,299,175</b>
<b>EXPENDITURES:</b>						
<b>Current:</b>						
<b>Instruction</b>						
Regular	7,352,286	96,233	0	182,975	0	7,631,494
Special	876,893	323,781	0	0	0	1,200,674
Vocational	367,900	0	0	0	0	367,900
Other	372,863	0	0	0	0	372,863
<b>Supporting Services</b>						
Pupils	662,518	979	0	0	0	663,497
Instructional Staff	388,912	3,215	0	0	0	392,127
Board of Education	365,631	0	0	0	0	365,631
Administration	1,305,280	119,667	0	0	60,819	1,485,766
Fiscal Services	950,405	16,429	627	0	0	967,461
Business	50,644	0	0	0	0	50,644
Operation & Maintenance-Plant	1,375,047	0	0	569	0	1,375,616
Pupil Transportation	634,083	0	0	0	0	634,083
Central	64,959	0	0	0	0	64,959
<b>Operation of Non-Instructional Services</b>						
Food Services	0	8,250	0	0	0	8,250
<b>Extracurricular Activities</b>						
Academic & Subject Oriented	29,403	7,973	0	0	0	37,376
Sports Oriented	231,202	138,823	0	0	0	370,025
Occupation & Co-Curricular Activities	12,373	38,479	0	0	0	50,852
<b>Debt Service</b>						
Repayment of Debt	0	0	341,790	0	0	341,790
<b>Total Expenditures</b>	<b>15,040,399</b>	<b>753,829</b>	<b>342,417</b>	<b>183,544</b>	<b>60,819</b>	<b>16,381,008</b>
<b>Excess (Deficiency) of Revenues</b>						
Over (Under) Expenditures	(590,249)	(379,564)	(200,067)	82,135	5,912	(1,081,833)
<b>Other Financing Sources and Uses:</b>						
<b>Other Financing Sources</b>						
Sale & Loss of Assets	2,477	0	0	0	0	2,477
Transfers-In	1,737,165	5,900	201,965	0	0	1,945,030
<b>Other Financing Uses</b>						
Transfer-Out	(1,947,230)	0	0	0	0	(1,947,230)
Other Expenses	(358)	0	0	0	0	(358)
<b>Net Other Financing Sources and Uses</b>	<b>(207,946)</b>	<b>5,900</b>	<b>201,965</b>	<b>0</b>	<b>0</b>	<b>(81)</b>
<b>Excess (Deficiency) of Revenues</b> <b>and Other Sources Over Expenditure</b>						
Disbursement and Other Uses	(798,195)	(373,664)	1,898	82,135	5,912	(1,081,914)
<b>Beginning Fund Balance</b>	<b>3,009,340</b>	<b>35,927</b>	<b>21,199</b>	<b>(15,650)</b>	<b>23,858</b>	<b>3,074,274</b>
<b>Ending Fund Balance</b>	<b>\$ 2,211,145</b>	<b>(338,137)</b>	<b>23,097</b>	<b>66,485</b>	<b>29,770</b>	<b>\$ 1,992,360</b>

See Accompanying Notes to the General Purpose Financial Statements.

**Hamilton Local School District**  
**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (Non-GAAP Basis)**  
**All Governmental Fund Types and Similar Fiduciary Fund Types**  
**Year Ended June 30, 1999**

	General Fund			Special Revenue Funds		
	Revised		Variance	Revised		Variance
	Budget	Actual	Favorable (Unfavorable)	Budget	Actual	Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$ 5,900,343	5,900,343	0	0	0	\$ 0
Tuition	2,340	2,340	0	0	0	0
Earnings on Investment	248,435	248,435	0	0	0	0
Extracurricular Activities	0	0	0	117,587	117,587	0
Classroom Materials and Fees	1,461	1,461	0	0	0	0
Miscellaneous	49,763	49,763	0	51,204	51,204	0
State Unrestricted Grants-in-Aid	8,080,073	8,080,073	0	31,717	31,717	0
State Restricted Grants-in-Aid	40,250	40,250	0	63,372	63,372	0
Revenue for/on Behalf of District	11,270	11,270	0	0	0	0
Federal Restricted Grants-in-Aid	0	0	0	119,878	119,878	0
<b>Total Revenue</b>	<b>14,333,935</b>	<b>14,333,935</b>	<b>0</b>	<b>383,758</b>	<b>383,758</b>	<b>0</b>
<b>Expenditures:</b>						
Regular Instruction	6,715,469	6,715,469	0	127,339	127,339	0
Special Instruction	853,311	853,311	0	311,959	311,959	0
Vocational Instruction	362,013	362,013	0	0	0	0
Other Instruction	395,058	395,058	0	0	0	0
Support Services-Pupils	673,032	673,032	0	979	979	0
Support Services-Instructional Staff	399,677	399,677	0	5,975	5,975	0
Support Services-Board of Education	371,974	371,974	0	0	0	0
Support Services-Administration	1,270,734	1,270,734	0	127,488	127,488	0
Fiscal Services	1,016,991	1,016,991	0	16,429	16,429	0
Support Services-Business	49,544	49,544	0	0	0	0
Operation & Maintenance-Plant	1,442,124	1,442,124	0	0	0	0
Support Services-Transportation	787,475	787,475	0	0	0	0
Support Services-Central	64,942	64,942	0	10,224	10,224	0
Food Services Operations	0	0	0	20,150	20,150	0
Academic & Subject Oriented	29,403	29,403	0	10,106	10,106	0
Occupation Oriented Activities	0	0	0	44,670	44,670	0
Sports Oriented	238,158	238,158	0	169,473	169,473	0
Co-Curricular Activities	12,373	12,373	0	0	0	0
Repayment of Debt	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>14,682,278</b>	<b>14,682,278</b>	<b>0</b>	<b>844,792</b>	<b>844,792</b>	<b>0</b>
Excess of Revenue Over (Under) Expenditures	(348,343)	(348,343)	0	(461,034)	(461,034)	0
<b>Other Financing Sources (Uses):</b>						
Sale & Loss of Assets	2,477	2,477	0	0	0	0
Transfers-In	1,737,165	1,737,165	0	5,900	5,900	0
Advances-In	70,324	70,324	0	357,009	357,009	0
Refund of Prior Years Expenditures/Receipts	358	358	0	0	0	0
Transfers-Out	(1,947,230)	(1,947,230)	0	0	0	0
Advances-Out	(432,929)	(432,929)	0	(4,010)	(4,010)	0
<b>Total Other Sources (Uses)</b>	<b>(569,835)</b>	<b>(569,835)</b>	<b>0</b>	<b>358,899</b>	<b>358,899</b>	<b>0</b>
<b>Excess of Revenues &amp; Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(918,178)</b>	<b>(918,178)</b>	<b>0</b>	<b>(102,135)</b>	<b>(102,135)</b>	<b>0</b>
Beginning Fund Balance	2,048,374	2,048,374	0	136,584	136,584	0
Prior Year Carry Over Encumbrances	789,635	789,635	0	45,082	45,082	0
<b>Ending Fund Balance</b>	<b>\$ 1,919,831</b>	<b>1,919,831</b>	<b>0</b>	<b>79,531</b>	<b>79,531</b>	<b>\$ 0</b>

See Accompanying Notes to the General Purpose Financial Statements.

(Continued)

**Hamilton Local School District**  
**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (Non-GAAP Basis)**  
**All Governmental Fund Types and Similar Fiduciary Fund Types- Continued**  
**Year Ended June 30, 1999**

	Debt Service Funds			Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$ 129,131	129,131	0	0	0	\$ 0
Tuition	0	0	0	0	0	0
Earnings on Investment	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Classroom Materials and Fees	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0
State Unrestricted Grants-in-Aid	11,321	11,321	0	0	0	0
State Restricted Grants-in-Aid	0	0	0	265,679	265,679	0
Revenue for/on Behalf of District	0	0	0	0	0	0
Federal Restricted Grants-in-Aid	0	0	0	0	0	0
<b>Total Revenue</b>	<b>140,452</b>	<b>140,452</b>	<b>0</b>	<b>265,679</b>	<b>265,679</b>	<b>0</b>
<b>Expenditures:</b>						
Regular Instruction	0	0	0	254,345	254,345	0
Special Instruction	0	0	0	0	0	0
Vocational Instruction	0	0	0	0	0	0
Other Instruction	0	0	0	0	0	0
Support Services-Pupils	0	0	0	0	0	0
Support Services-Instructional Staff	0	0	0	0	0	0
Support Services-Board of Education	0	0	0	0	0	0
Support Services-Administration	0	0	0	0	0	0
Fiscal Services	626	626	0	0	0	0
Support Services-Business	0	0	0	0	0	0
Operation & Maintenance-Plant	0	0	0	569	569	0
Support Services-Transportation	0	0	0	0	0	0
Support Services-Central	0	0	0	0	0	0
Food Services Operations	0	0	0	0	0	0
Academic & Subject Oriented	0	0	0	0	0	0
Occupation Oriented Activities	0	0	0	0	0	0
Sports Oriented	0	0	0	0	0	0
Co-Curricular Activities	0	0	0	0	0	0
Repayment of Debt	341,790	341,790	0	0	0	0
<b>Total Expenditures</b>	<b>342,416</b>	<b>342,416</b>	<b>0</b>	<b>254,914</b>	<b>254,914</b>	<b>0</b>
Excess of Revenue Over (Under) Expenditures	(201,964)	(201,964)	0	10,765	10,765	0
<b>Other Financing Sources (Uses):</b>						
Sale & Loss of Assets	0	0	0	0	0	0
Transfers-In	201,965	201,965	0	0	0	0
Advances-In	0	0	0	0	0	0
Refund of Prior Years Expenditures/Receipts	0	0	0	0	0	0
Transfers-Out	0	0	0	0	0	0
Advances-Out	0	0	0	(64,855)	(64,855)	0
<b>Total Other Sources (Uses)</b>	<b>201,965</b>	<b>201,965</b>	<b>0</b>	<b>(64,855)</b>	<b>(64,855)</b>	<b>0</b>
<b>Excess of Revenues &amp; Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>(54,090)</b>	<b>(54,090)</b>	<b>0</b>
Beginning Fund Balance	0	0	0	72,311	72,311	0
Prior Year Carry Over Encumbrances	0	0	0	44,962	44,962	0
<b>Ending Fund Balance</b>	<b>\$ 1</b>	<b>1</b>	<b>0</b>	<b>63,183</b>	<b>63,183</b>	<b>\$ 0</b>

See Accompanying Notes to the General Purpose Financial Statements.

(Continued)

**Hamilton Local School District**  
**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (Non-GAAP Basis)**  
**All Governmental Fund Types and Similar Fiduciary Fund Types - Continued**  
**Year Ended June 30, 1999**

	Expendable Trust Funds			Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$ 0	0	0	6,029,474	6,029,474	\$ 0
Tuition	0	0	0	2,340	2,340	0
Earnings on Investment	0	0	0	248,435	248,435	0
extracurricular Activities	0	0	0	117,587	117,587	0
Classroom Materials and Fees	0	0	0	1,461	1,461	0
Miscellaneous	66,731	66,731	0	167,698	167,698	0
State Unrestricted Grants-in-Aid	0	0	0	8,123,111	8,123,111	0
State Restricted Grants-in-Aid	0	0	0	369,301	369,301	0
Revenue for/on Behalf of District	0	0	0	11,270	11,270	0
Federal Restricted Grants-in-Aid	0	0	0	119,878	119,878	0
<b>Total Revenue</b>	<b>66,731</b>	<b>66,731</b>	<b>0</b>	<b>15,190,555</b>	<b>15,190,555</b>	<b>0</b>
<b>Expenditures:</b>						
Regular Instruction			0	7,097,153	7,097,153	0
Special Instruction	0	0	0	1,165,270	1,165,270	0
Vocational Instruction	0	0	0	362,013	362,013	0
Other Instruction	0	0	0	395,058	395,058	0
Support Services-Pupils	0	0	0	674,011	674,011	0
Support Services-Instructional Staff	0	0	0	405,652	405,652	0
Support Services-Board of Education	0	0	0	371,974	371,974	0
Support Services-Administration	61,819	61,819	0	1,460,041	1,460,041	0
Fiscal Services	0	0	0	1,034,046	1,034,046	0
Support Services-Business	0	0	0	49,544	49,544	0
Operation & Maintenance-Plant	0	0	0	1,442,693	1,442,693	0
Support Services-Transportation	0	0	0	787,475	787,475	0
Support Services-Central	0	0	0	75,166	75,166	0
Food Services Operations	0	0	0	20,150	20,150	0
Academic & Subject Oriented	0	0	0	39,509	39,509	0
Occupation Oriented Activities	0	0	0	44,670	44,670	0
Sports Oriented	0	0	0	407,631	407,631	0
Co-Curricular Activities	0	0	0	12,373	12,373	0
Repayment of Debt	0	0	0	341,790	341,790	0
<b>Total Expenditures</b>	<b>61,819</b>	<b>61,819</b>	<b>0</b>	<b>16,186,219</b>	<b>16,186,219</b>	<b>0</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>4,912</b>	<b>4,912</b>	<b>0</b>	<b>(995,664)</b>	<b>(995,664)</b>	<b>0</b>
<b>Other Financing Sources (Uses):</b>						
Sale & Loss of Assets	0	0	0	2,477	2,477	0
Transfers-In	0	0	0	1,945,030	1,945,030	0
Advances-In	0	0	0	427,333	427,333	0
Refund of Prior Years Expenditures/Receipts	0	0	0	358	358	0
Transfers-Out	0	0	0	(1,947,230)	(1,947,230)	0
Advances-Out	0	0	0	(501,794)	(501,794)	0
<b>Total Other Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(73,826)</b>	<b>(73,826)</b>	<b>0</b>
<b>Excess of Revenues &amp; Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>4,912</b>	<b>4,912</b>	<b>0</b>	<b>(1,069,490)</b>	<b>(1,069,490)</b>	<b>0</b>
Beginning Fund Balance	6,258	6,258	0	2,263,527	2,263,527	0
Prior Year Carry Over Encumbrances	17,600	17,600	0	897,279	897,279	0
<b>Ending Fund Balance</b>	<b>\$ 28,770</b>	<b>28,770</b>	<b>0</b>	<b>2,091,316</b>	<b>2,091,316</b>	<b>\$ 0</b>

See Accompanying Notes to the General Purpose Financial Statement.

**Hamilton Local School District**  
**Combined Statement of Revenues, Expenses, and Changes in Retained Earnings**  
**All Proprietary Fund Types**  
**Year Ended June 30, 1999**

	Proprietary Fund Types		Totals (Memorandum) (Only)
	Enterprise Funds	Internal Service Funds	
<b>Operating Revenues:</b>			
Food Service	\$ 389,778	0	\$ 389,778
Classroom Materials & Fees	885	0	885
<b>Total Operating Revenue</b>	<b>390,663</b>	<b>0</b>	<b>390,663</b>
<b>Operating Expenses:</b>			
Personal Services - Salary	295,683	0	295,683
Employee Benefits	107,350	0	107,350
Purchased Services	3,537	1,212	4,749
Supplies and Materials	295,307	0	295,307
Depreciation	1,732	0	1,732
<b>Total Operating Expenses</b>	<b>703,609</b>	<b>1,212</b>	<b>704,821</b>
<b>Operating Loss</b>	<b>(312,946)</b>	<b>(1,212)</b>	<b>(314,158)</b>
<b>Non-Operating Revenues:</b>			
State Unrestricted Grants-in-Aid	13,728	0	13,728
State Restricted Grants-in-Aid	0	4,766	4,766
Federal Unrestricted Grants-in-Aid	201,161	0	201,161
Federal Restricted Grants-in-Aid	40,333	0	40,333
<b>Total Non-Operating Revenues</b>	<b>255,222</b>	<b>4,766</b>	<b>259,988</b>
<b>Non-Operating Expenses:</b>			
Loss on Disposal of Assets	(3,249)	0	(3,249)
<b>Net Gain (Loss)</b>	<b>(60,973)</b>	<b>3,554</b>	<b>(57,419)</b>
Retained Earnings at Beginning of Year (as restated)	(26,423)	482,914	456,491
<b>Retained Earnings at End of Year</b>	<b>\$ (87,396)</b>	<b>486,468</b>	<b>\$ 399,072</b>

See Accompanying Notes to the General Purpose Financial Statements.

**Hamilton Local School District  
 Combined Statement of Cash Flows  
 All Proprietary Fund Types  
 Year Ended June 30, 1999**

	Proprietary Fund Types		Totals (Memorandum (Only))
	Enterprise Funds	Internal Service Funds	
<b>Cash Flows from Operating Activities</b>			
Operating Loss	\$ (312,946)	(1,212)	\$ (314,158)
Adjustment to Reconcile Operating Loss			
To Net Cash used in Operating Activities:			
Depreciation	1,732	0	1,732
Commodities	40,333	0	40,333
Net Increase in Assets:			
Accounts Receivable	(30)	0	(30)
Intergovernmental Receivable	(29,898)	0	(29,898)
Inventory	(2,766)	0	(2,766)
Net Increase (Decrease) in Liabilities:			
Interfund Payable	75,920	0	75,920
Accounts Payable	2,578	0	2,578
Intergovernmental Payable	(2,557)	0	(2,557)
Accrued Wages and Benefits	(3,101)	0	(3,101)
Deferred Revenue	817	0	817
Compensated Absences	1,550	0	1,550
Total Adjustments	84,578	0	84,578
Net Cash Used in Operating Activities	(228,368)	(1,212)	(229,580)
Cash Flows from Noncapital Activities:			
Operating Grants from State Sources	13,728	4,766	18,494
Operating Grants from Federal Sources	201,161	0	201,161
Net Cash Provided by Noncapital Financing Sources	214,889	4,766	219,655
Cash Flows from Capital Financing Sources:			
Acquisition of Assets	(2,225)	0	(2,225)
Net Cash Used by Capital Financing Sources	(2,225)	0	(2,225)
Net Increase (Decrease) in Cash & Cash Equivalents	(15,704)	3,554	(12,150)
Cash and Cash Equivalents at Beginning of Year	17,094	482,914	500,008
Cash and Cash Equivalents at End of Year	<u>\$ 1,390</u>	<u>486,468</u>	<u>\$ 487,858</u>

See Accompanying Notes to the General Purpose Financial Statements.

**Hamilton Local School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

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**Note 1. Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

The District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a local district as defined by Section 3311.03 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District.

Average daily membership (ADM) as of October 1, 1998, was 2,663. The District employed 186 certified employees and 82 classified employees. The District is supervised by the Franklin County Educational Service Center, a separate entity.

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

The accompanying general purpose financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity*, in that the financial statements include all organizations, activities and functions for which the district is financially accountable. This report includes all activities considered by management to be part of the school by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

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

**Hamilton Local School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

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**Note 1. Summary of Significant Accounting Policies (continued)**

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

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.

A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

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

**B. Fund Accounting**

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

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

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

Governmental Fund Types

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



**Hamilton Local School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

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**Note 1. Summary of Significant Accounting Policies (continued)**

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

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

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

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

Proprietary Fund Types

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

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

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

Fiduciary Fund Types

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

**Hamilton Local School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

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**Note 1. Summary of Significant Accounting Policies (continued)**

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

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

Account Groups

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

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

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

**C. Measurement Focus/Basis of Accounting**

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

- 1) Only current assets and current liabilities are generally included on their balance sheets.
- 2) Operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.
- 3) Revenues are recognized when they become both measurable and available to finance expenditures for the current period, which for the District is 60 days after year end.
  - a) Revenue accrued at the end of the year may include grants, fines, fees, interest and tuition.

**Hamilton Local School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

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**Note 1. Summary of Significant Accounting Policies (continued)**

- b) Property taxes measurable as of June 30, 1999 and delinquent property taxes, whose availability is indeterminate, and are not intended to finance fiscal year 1999 operations, have been recorded as deferred revenues.
  
- 4) Expenditures are recognized in the period in which the fund liability is incurred with the following exceptions: general long term obligation principal and interest are reported only when due; the current costs of accumulated unpaid vacation and sick leave are reported in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

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

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

**D. Budget and Budgetary Accounting**

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

- 1) A Tax Budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by January 20 of each year, for the fiscal year commencing the following July 1st. The Board of Education normally adopts the Tax Budget at its regular board meeting in January.
  
- 2) The County Budget Commission certifies its actions to the District by March 1st. As part of this certification, the District receives the official certificate of estimated resources which states the projected receipts of each fund. During the month of July, this certificate is amended to include any unencumbered balances from the preceding fiscal year.

**Hamilton Local School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

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**Note 1. Summary of Significant Accounting Policies (continued)**

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

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

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

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

**Hamilton Local School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

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**Note 1. Summary of Significant Accounting Policies (continued)**

**E. Cash and Investments**

To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet. During fiscal year 1999, investments were limited to STAR Ohio, repurchase agreements, certificates of deposit, treasury notes, federal agency securities and banker's acceptances.

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

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 1999. 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, 1999.

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. For the District, all investment earnings accrue to the General Fund, Enterprise Fund and Internal Service Funds as authorized by board resolution. Interest revenue credited during the fiscal year amounted to \$317,320.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

**F. Taxes Receivable**

The financial statements reflect taxes receivable as of June 30, 1999. GAAP permits the recognition of revenue from any property tax assessment in the fiscal period levied, provided the funds are "available." "Available" means then due, or past due and receivable within the current period or expected to be collected soon thereafter. While these taxes have been assessed, the majority are not due at June 30, 1999 and accordingly have been recorded as deferred revenue in the accompanying financial statements. Taxes that become delinquent remain recorded in deferred revenue until they are determined to be uncollectible.

**Hamilton Local School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

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**Note 1. Summary of Significant Accounting Policies (continued)**

**G. Inventories**

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

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

**H. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 1999, are recognized under the nonallocation method. The nonallocation method of prepayments and deferrals is consistent with the basic governmental concept that only expendable financial resources are reported by a specific governmental fund. Payments for the prepaid items or deferrals are fully recognized as an expenditure in the year of payment. Under the nonallocation method no asset for the prepayment or deferral is created, and no expenditure allocation to future accounting periods is required.

**I. Fixed Assets**

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

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

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

**Hamilton Local School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

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**Note 1. Summary of Significant Accounting Policies (continued)**

**J. Intergovernmental Revenues**

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

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

Entitlements:

General Fund

Homestead and Rollback Tax Subsidy  
State Foundation Program  
School Bus Funding

Special Revenue Funds

Educational Management Information Systems

Capital Projects Funds

School Net Grant

Non-Reimbursable Grants:

Special Revenue Funds

Title I	E Rate Subsidy
DPPF	Title VI
Data Communications	Miscellaneous State Grants
Tech Prep	Title VIB
Professional Development	Textbook Subsidy
Drug Free Schools Grant	

Reimbursable Grants:

General Fund

Driver Education Reimbursement      Vocational Education Reimbursement  
Tutor Reimbursement

Proprietary Funds

National School Lunch Program  
Government Donated Commodities

Grants and entitlements amounted to approximately 56% of the District's operating revenue during the 1999 fiscal year.

**Hamilton Local School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

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**Note 1. Summary of Significant Accounting Policies (continued)**

**K. Short-Term Interfund Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds." Short-term interfund loans are classified as "interfund receivables/payables." At June 30, 1999, the District had \$539,036 in "Interfund Receivables/Payables" and no "Due to/from Other Funds."

**L. Advances to Other Funds**

Non-current portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account which indicated that they do not constitute expendable available financial resources and therefore are not available for appropriation. At June 30, 1999 the District had no long-term interfund loans.

**M. Compensated Absences**

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

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

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

For governmental funds, the District records a liability for accumulated unused vacation and sick leave when earned. The current portion of these unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the



**Hamilton Local School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

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**Note 1. Summary of Significant Accounting Policies (continued)**

account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term debt account group. In proprietary funds, compensated absences are expensed when earned with the amount reported as a fund liability.

**N. Long-Term Obligations**

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

**O. Interfund Transactions**

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

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

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Because the activity of agency funds is not budgeted, transfers in and transfers out do not equal on a budgetary basis due to a transfer of \$2,200 to an agency fund from the general fund.

**P. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction. A fund balance reserve has also been established.

**Hamilton Local School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

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**Note 1. Summary of Significant Accounting Policies (continued)**

**Q. Fund Balance Reserves**

Reserved Fund Balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund Balances are reserved for encumbrances, budget stabilization and future appropriation. The reserve for future appropriation represents the amount of the property taxes available for advance and recognized as revenue.

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

**R. Memorandum Only - Total Columns**

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

**S. Estimates**

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

**Hamilton Local School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

**Note 2. Budgetary Basis of Accounting**

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

Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses Governmental Fund Types and Similar Fiduciary Type Funds					
	Governmental Fund Types				
	General Fund	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	\$(798,195)	(373,664)	1,898	82,135	\$ 5,912
Increase (Decrease):					
Due to Revenues:					
Net Adjustments to Revenue Accruals	(116,215)	9,493	(1,898)	0	0
Due to Expenditures:					
Net Adjustments to Expenditure	358,121	(90,963)	1	(71,370)	(1,000)
Due to Other Sources/Uses	(361,889)	352,999	0	(64,855)	0
Budget Basis	<u>\$(918,178)</u>	<u>(102,135)</u>	<u>1</u>	<u>(54,090)</u>	<u>\$ 4,912</u>

**Note 3. Accountability and Compliance**

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

The debt service fund and the athletic funds had appropriations in excess of estimated resources plus available balances for the fiscal year ended June 30, 1999. The district will more closely monitor budgetary procedures pertaining to violations of this nature in the future.

**Note 4. Cash and Investments**

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District treasury, in commercial accounts payable or withdraw able 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

**Hamilton Local School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

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**Note 4. Cash and Investments (continued)**

certificates of deposit maturing not more than one year from the date of deposit or by savings accounts, including passbook accounts.

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio); and
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon

**Hamilton Local School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

**Note 4. Cash and Investments (continued)**

delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits With Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements."

Deposits: At year end, the carrying amount of the District's deposits was (\$80,330) and the bank balance was \$65,926. Of the bank balance:

1. \$65,926 was covered by Federal Depository Insurance Corporation (FDIC); and
2. None was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

Investments: The District's investments are required to be categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counter party's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter party, or by its trust department or agent but not in the District's name. STAR Ohio investments are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	Category			Reported Amount	Fair Value
	1	2	3		
Repurchase Agreement	\$ 0	0	\$ 223,992	\$ 223,992	\$ 223,992
Commercial Paper	0	0	988,889	988,889	988,889
Federal Agency Securities	0	0	2,736,701	2,736,701	2,736,701
Total Investments				<u>\$ 3,949,582</u>	<u>\$ 3,949,582</u>

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

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

**Hamilton Local School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

**Note 4. Cash and Investments (continued)**

	Cash	Investments
GASB Statement No. 9	\$ 3,869,252	
Investments:		
Repurchase Agreement	(223,992)	223,992
Commercial Paper	(988,889)	988,889
Federal Agency Securities	(2,736,701)	2,736,701
Total Cash and Cash Equivalents Total	\$ (80,330)	\$ 3,949,582

**Note 5. Property Tax**

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

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

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

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

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

**Hamilton Local School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

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**Note 5. Property Tax (continued)**

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

The full tax rate at the fiscal year ended June 30, 1999 for operations was \$42.20 per \$1,000 of assessed valuation and \$.73 per \$1,000 of assessed valuation for bonded debt. The assessed values of real and tangible personal property on which the fiscal year 1999 taxes were collected were as follows:

Real Property-Commercial/Industrial	\$ 46,749,550
Real Property-Residential/Agricultural	80,158,890
Real Property-Public Utilities	210,560
Personal Property-General	46,879,902
Personal Property-Public Utilities	13,795,510
Total Assessed Value	<u>\$187,794,412</u>

**Note 6. Receivables**

Receivables at June 30, 1999 consisted of taxes, accounts (miscellaneous), and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current guarantee of Federal funds.

A summary of the principal items of Intergovernmental Receivables follows:

General Fund:	
E Rate Subsidy	\$ 7,348
Tuition Reimbursement	<u>450</u>
Total General Fund	7,798
Enterprise Fund:	
State and Federal Subsidy	<u>29,898</u>
Grand Total	<u>\$ 37,696</u>

**Hamilton Local School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

**Note 7. Fixed Assets**

The following is a summary of the proprietary funds property, plant and equipment at June 30, 1999:

Furniture and Equipment	\$ 241,128
Less: Accumulated	<u>(181,997)</u>
Net Fixed Assets	<u>\$ 59,131</u>

The following is a summary of changes in the General Fixed Assets Account Group during the fiscal year 1999:

	General Fixed Assets June 30, 1998	Additions	Deletions	General Fixed Assets June 30, 1999
Land and Buildings	\$ 6,069,575	0	0	\$ 6,069,575
Improvements	412,721	0	0	412,721
Furniture and Equipment	4,474,773	565,804	124,876	4,915,701
Vehicles	965,301	66,980	0	1,032,281
<b>Total General Fixed Assets</b>	<b>\$ 11,922,370</b>	<b>632,784</b>	<b>124,876</b>	<b>\$ 12,430,278</b>

The fixed assets have been restated as of June 30, 1998 (Note 21). The District does not have any construction in progress.

**Note 8. Defined Benefit Pension Plans**

**A. State Teachers Retirement System**

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 10.5 percent was the portion used to fund pension obligations. Prior to July 1, 1997, the portion used to fund pension obligations was 12 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's



**Hamilton Local School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

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**Note 8. Defined Benefit Pension Plans (continued)**

contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$1,052,628, \$980,748, and \$938,592, respectively; 82.9 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$180,392 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds.

**B. School Employees Retirement System**

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

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. For fiscal year 1999, 9.02 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The District's contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$250,488, \$234,228, and \$218,070, respectively; 45 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$145,834 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the general long-term obligations account group.

**C. Social Security**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System /State Teachers Retirement System. As of June 30, 1999, all members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

**Note 9. Postemployment Benefits**

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

**Hamilton Local School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

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**Note 9. Postemployment Benefits (continued)**

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. Through June 30, 1998, the Board allocated employer contributions equal to two percent of covered payroll to the Health Care Reserve Fund. Beginning July 1, 1998, this allocation was increased to 3.5 percent. For the District, this amount equaled \$263,157 during fiscal 1999.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2,156 million at June 30, 1998 (the latest information available). For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000 and STRS had 91,999 eligible benefit recipients.

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

For this fiscal year, employer contributions to fund health care benefits were 4.98 percent of covered payroll, an increase from 4.21 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 125 percent of annual health care expenses. Expenses for health care at June 30, 1998, were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998 SERS had net assets available for payment of health care benefits of \$160.3 million (the latest information available). SERS has approximately 50,000 participants currently receiving health care benefits. For the District, the amount to fund health care benefits, including the surcharge, equaled \$89,099 during the 1999 fiscal year.

**Note 10. Compensated Absences**

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

**Hamilton Local School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

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**Note 10. Compensated Absences (continued)**

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

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

**Note 11. Risk Management**

**A. General Risk**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The District has addressed these various types of risk by purchasing a comprehensive insurance policy through commercial carriers. General liability insurance is maintained in the amount of \$1,000,000 for each occurrence and \$5,000,000 in the aggregate.

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

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

**B. Workers Compensation-Public Entity Risk Pool**

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

The intent of the GRP is to achieve the benefit of a reduced premium for the School district by virtue of its grouping and representation with other participants in the GRP. The workers compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is

**Hamilton Local School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

**Note 11. Risk Management (continued)**

compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Company provides administrative, cost control and actuarial services to the GRP.

**C. Health Insurance**

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

**Note 12. Notes and Long-Term Debt**

A summary of changes in long-term obligations for the year ended June 30, 1999, are as follows:

	Balance July 1, 1998	Additions	Deletions	Balance June 30, 1999
Intergovernmental Payable	\$ 68,064	88,434	68,064	\$ 88,434
General Obligation Bonds Payable	1,985,000	0	230,000	1,755,000
Compensated Absences Payable	659,110	893,074	659,110	893,074
	<u>\$ 2,712,174</u>	<u>981,508</u>	<u>957,174</u>	<u>\$ 2,736,508</u>

The \$1,755,000 of outstanding general obligation bonds relate to projects, for which bonds were issued for the purpose of constructing, improving and equipping schools and improving the site thereof. These bonds mature December, 1999 through December, 2007, and are in full compliance with the general laws of the State of Ohio, particularly Sections 133.01 to 133.48, inclusive, of the Revised Code and Section 133.09 thereof.

	Balance July 1, 1998	Retired	Balance June 30, 1999
School Improvement Bond - 1989	\$ 105,000	(50,000)	\$ 55,000
School Improvement Bond - 1990	765,000	(80,000)	685,000
School Improvement Bond - 1996	1,115,000	(100,000)	1,015,000
	<u>\$ 1,985,000</u>	<u>(230,000)</u>	<u>\$ 1,755,000</u>

**Hamilton Local School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

**Note 12. Notes and Long-Term Debt (continued)**

The annual maturities of the general obligation bonds as of June 30, 1999, and related interest payments are as follows:

	Principal	Interest	Payment
FY2000	\$ 245,000	99,312	\$ 344,312
FY2001	210,000	83,725	293,725
FY2002	215,000	71,087	286,087
FY2003	225,000	57,937	282,937
FY2004	230,000	44,275	274,275
FY2005 - 2008	630,000	50,049	680,049
	<u>\$ 1,755,000</u>	<u>406,385</u>	<u>\$ 2,161,385</u>

**Note 13. Interfund Transactions**

At June 30, 1999, the District had short-term interfund loans which are classified as "interfund receivables/payables." An analysis of interfund balances is as follows:

	Receivable	Payable
General Fund	\$ 539,036	\$
Special Revenue Funds:		
Public School Support Fund		4,110
District Managed Student Activity		62,117
Title VIB Grant		99,000
Title I Grant		285,573
Total Special Revenue Funds:		<u>450,800</u>
Enterprise Fund:		
Food Service Fund		75,000
Uniform School Supply Fund		12,415
Total Enterprise Fund:		<u>87,415</u>
Agency Fund:		
Student Managed Activity Fund		821
	<u>\$ 539,036</u>	<u>\$ 539,036</u>

**Hamilton Local School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

**Note 14. Jointly Governed Organizations**

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

**Note 15. Segment Information for Enterprise Funds**

Key financial data for the District's Enterprise Funds for the year ended June 30, 1999 follows:

	Lunchroom Fund	Uniform Supply Fund	Total
Operating Revenues	\$ 389,778	885	\$ 390,663
Operating Expenses:			
Depreciation	(1,732)	0	(1,732)
Other Expenses	(699,872)	(2,005)	(701,877)
Total Operating Expenses	(701,604)	(2,005)	(703,609)
Operating Loss	(311,826)	(1,120)	(312,946)
Non Operating Revenues and			
Grants	214,889		214,889
Federal Commodities	40,333	0	40,333
Loss on Disposal of Assets	(3,249)	0	(3,249)
Net Loss	\$ (59,853)	(1,120)	\$ (60,973)
Net Working Capital	\$ (134,112)	(12,415)	\$ (146,527)
Encumbrances	\$ 10,240	121	\$ 10,361
Fixed Asset Additions	\$ 2,225	0	\$ 2,225
Total Assets	\$ 113,946	0	\$ 113,946
Retained Earnings	\$ (74,981)	(12,415)	\$ (87,396)

**Hamilton Local School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

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**Note 16. Contingencies**

**A. Grants**

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds.

However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 1999.

**B. Litigation**

The District is not a party to any legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending at June 30, 1999.

**Note 17. School Funding Decision**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the District. During the fiscal year ended June 30, 1999, the District received \$7,611,897 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the Ohio General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution.

The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. As of this date, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

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

**Hamilton Local School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

**Note 18. Statutory Reserves**

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 1999, the reserve activity was as follows:

	Textbook Acquisition	Capital Acquisition	Budget Stabilization	Total
Set aside Cash Balance as of June 30, 1998	\$ 0	0	73,703	\$ 73,703
Current Year Set-Aside Requirement	233,150	233,150	116,575	582,875
Current Year Offsets	(33,017)	0	0	(33,017)
Qualifying Disbursements	(937,165)	(275,160)	0	(1,212,325)
<b>Total</b>	<u>(737,032)</u>	<u>(42,010)</u>	<u>190,278</u>	<u>(588,764)</u>
Cash Balance Carried Forward to FY2000	<u>\$ 0</u>	<u>0</u>	<u>190,278</u>	
Amount Restricted for Budget Stabilization				<u>\$ 190,278</u>
Total Restricted Assets				<u>\$ 190,278</u>

**Note 19. Fund Deficits**

Fund balances and retained earnings at June 30, 1999, included the following individual fund deficits:

<u>Special Revenue:</u>		<u>Enterprise Funds:</u>	
Student Activity Fund:	\$ (54,629)	Food Service Fund:	\$(66,962)
Textbook Material Fund:	\$ (4,245)	Uniform School Supply Fund:	\$(12,415)
Title VIB Fund:	\$(113,751)		
Title I Fund:	\$(317,928)		

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



**Hamilton Local School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

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**Note 20. Prior Period Adjustment**

In prior years, the District under-reported assets. The effect of this correction and changes for the year ended June 30, 1998 is as follows:

	General Fixed Assets June 30, 1998	Restatement	General Fixed Assets June 30, 1998
Land and Buildings	\$ 6,061,075	8,500	\$ 6,069,575
Improvements	56,115	356,606	412,721
Furniture and Equipment	4,856,517	(381,744)	4,474,773
Vehicles	973,981	(8,680)	965,301
Total General Fixed Assets	<u>\$ 11,947,688</u>	<u>(25,318)</u>	<u>\$ 11,922,370</u>

	Proprietary Fixed Assets June 30, 1998	Restatement	Proprietary Fixed Assets June 30, 1998
Historical Cost	\$ 240,984	11,123	\$ 252,107
Accumulated Depreciation	(189,335)	(886)	(190,221)
Book Value	<u>\$ 51,649</u>	<u>10,237</u>	<u>\$ 61,886</u>

	Enterprise Fund
Retained Earnings as previously reported	\$ (36,661)
Restatement of fixed assets	10,237
Restated Retained Earnings at June 30, 1998	<u>\$ (26,424)</u>

**Note 22. Change in Accounting Principles**

The District has implemented GASB Statement No 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans" for its deferred compensation plan through 1998. On September 1, 1998, the Ohio Public Employees Deferred Compensation Board created a trust for the assets of the plan for which the District has no fiduciary responsibility. Therefore, the balance at June 30, 1998 in the Ohio Public Employees Deferred Compensation Board deferred compensation plan of \$105,800 was shown as a reduction in the deferred compensation agency fund.

**HAMILTON LOCAL SCHOOL DISTRICT  
FRANKLIN COUNTY  
SCHEDULE OF FEDERAL AWARD RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 1999**

<u>Federal Grantor Agency/ Pass-Through Agency/ Grant Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Expenditures</u>
<i>United States Department of Agriculture/ Ohio State Department of Education</i>				
Nutrition Cluster:				
School Breakfast Program	05-PU-99 05-PU-99	10.553	\$ 25,281	\$ 25,281
National School Lunch Program	03-PU-98 & 99 04-PU-98 & 99	10.555	<u>148,254</u>	<u>148,254</u>
Total United States Department of Agriculture - Nutrition Cluster			173,535	173,535
Food Distribution		10.550	27,901	27,901
<i>United States Department of Education/ Ohio State Department of Education</i>				
Title I Grants to Local Educational Agencies	C1-S1-99	84.010	272,041	280,559
Special Education - Grants to States	6B-SF-98	84.027	124,632	123,324
Chapter II Improvement and Consolidated Act	C2-S1-99	84.151	8,778	3,955
Eisenhower Professional Development - State Grants	MS-S1-97 MS-S1-99	84.281	9,158	8,185
Goals 2000	GS-S2-99	84.276	5,000	-
Safe and Drug Free Schools and Communities State Grant	N/A	84.186	<u>269</u>	<u>2,809</u>
Total United States Department of Education			<u>419,878</u>	<u>418,832</u>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>			<u>\$ 621,314</u>	<u>\$ 620,268</u>

See accompanying notes to the schedule

**HAMILTON LOCAL SCHOOL DISTRICT  
FRANKLIN COUNTY  
NOTES TO THE SCHEDULE OF FEDERAL AWARD RECEIPT RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 1999**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - FOOD DISTRIBUTION**

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



REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Education  
Hamilton Local School District  
Columbus, Ohio

We have audited the general purpose financial statements of the Hamilton Local School District, as of and for the year ended June 30, 1999, and have issued our report thereon dated March 24, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

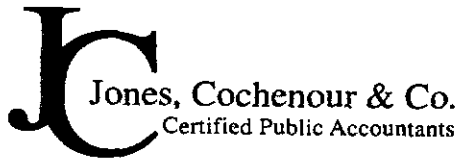
As part of obtaining reasonable assurance about whether Hamilton Local School District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 1999-1449-001 through 1999-1449-012.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Hamilton Local School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing an opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Hamilton Local School District, in a separate letter dated March 24, 2000.

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

Jones, Cochenour & Co.  
March 24, 2000



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

Board of Education  
Hamilton Local School District  
Columbus, Ohio

Compliance

We have audited the compliance of Hamilton Local School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 1999. Hamilton Local School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Hamilton Local School District's management. Our responsibility is to express an opinion on Hamilton Local School District's compliance based on our audit.

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

In our opinion, Hamilton Local School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

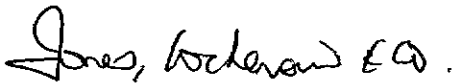
Internal Control Over Compliance

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

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Hamilton Local School District's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 1999-1449-013.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness.

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



Jones, Cochenour & Co.  
March 24, 2000

HAMILTON LOCAL SCHOOL DISTRICT  
FRANKLIN COUNTY  
JUNE 30, 1999

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

1. SUMMARY OF AUDITORS' RESULTS		
(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level of (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	Yes
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under §.510?	Yes
(d)(1)(vii)	Major Programs (list):	Nutrition Cluster CFDA# 10.533, 10.555
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: > All others
(d)(1)(ix)	Low Risk Auditee?	Yes

HAMILTON LOCAL SCHOOL DISTRICT  
FRANKLIN COUNTY  
JUNE 30, 1999

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

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
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Finding Number	1999-1449-001
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Ohio Rev. Code Section 5705.36 allows subdivisions to request increased or decreased amended certificates of estimated resources upon determination that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. The District amended its certificate two (2) times throughout the fiscal year. This resulted in citations where appropriations exceeded estimated revenue.

Finding Number	1999-1449-002
----------------	---------------

Ohio Rev. Code Section 5705.39 states that the total appropriations from each fund should not exceed the total estimated revenue. We noted that appropriations exceeded total estimated resources in several funds. We recommend that the District monitor the estimated resources through the fiscal year and obtain an amended certificate of estimated resources when needed.

Finding Number	1999-1449-003
----------------	---------------

Ohio Rev. Code Section 5705.40 states that any appropriation measure may be amended or supplemented as long as the entity complies with the same provisions of the law as used in making the original appropriation. Section 5705.39 states in part that no appropriations measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official certificate of estimated resources. The District could not provide us with a certificate from the County Auditor stating that total appropriations from each fund do not exceed the official certificate of estimated resources.

Finding Number	1999-1449-004
----------------	---------------

Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. We noted that expenditures exceeded appropriations in several funds and at the legal level of control within selected funds. We recommend the District monitor appropriations throughout the fiscal year and obtain amended appropriations as needed.



HAMILTON LOCAL SCHOOL DISTRICT  
FRANKLIN COUNTY  
JUNE 30, 1999

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

Finding Number	1999-1449-005
----------------	---------------

Ohio Rev. Code Section 4705.391(B) requires districts to prepare five year projections and update them whenever actual revenues or expenditures deviate from the projections by 5% or more. Actual revenues deviated from projections by 12.45% and actual expenditures deviated from projections by 12.36%, but an updated projection was not prepared.

Finding Number	1999-1449-006
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Ohio Rev. Code Section 5705.391(B) requires the independent auditor to evaluate whether the data in the five year projection is reasonably supported by documentation maintained by the District. The Auditor shall perform analytical procedures and evaluate whether the assumptions are reasonable and the resulting projections are in accordance with those assumptions. We noted during our audit that the assumptions used were not consistently applied throughout the five year period.

Finding Number	1999-1449-007
----------------	---------------

Ohio Rev. Code Section 5705.412 states that no school district is supposed to: adopt any appropriation, make any contract, give any order to expend money or increase salary schedules during any school year without attaching a "412" Certificate. The certificate is required to be signed by the Treasurer, Board President, and the Superintendent. This certificate provides that the school district has in effect for the remainder of the fiscal year and succeeding fiscal years the authorization to levy taxes which, when combined with estimated revenues from all other sources are sufficient to provide the operating revenues necessary to enable the district to operate an adequate education program for all days in the current and succeeding fiscal years.

This section also provides in part that certificates should be executed for appropriation measures (except certain temporary measures), negotiated agreements and contracts for benefits, increased salary or wage schedules, and construction projects. Adequate documentation should exist to substantiate the certification and contracts without the appropriate certificate should be considered null and void.

The District did not prepare the required "412" Certificates that should have been executed during the fiscal year on several contracts and appropriations. The Certificates that were prepared were dated untimely. We recommend that "412" Certificates be prepared and certified on a more timely basis. We also recommend that the District maintain supporting documentation to reflect the District's analysis of the financial impact of entering the contract.

The Board of Education currently does not have a policy for designating which contracts in addition to the ones listed above where the District will execute "412" Certificates. We recommend the District adopt a reasonable policy designating the dollar amount of a contract which will require a "412" Certificate.

HAMILTON LOCAL SCHOOL DISTRICT  
FRANKLIN COUNTY  
JUNE 30, 1999

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

Finding Number	1999-1449-008
----------------	---------------

Ohio Rev. Code Section 5705.10 states in part that money put into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another. During our testing we noted several instances where funds had negative monthly account balances.

Finding Number	1999-1449-009
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Ohio Rev. Code Section 5705.41(D) states that blanket certificates are not to run beyond the end of the fiscal year. During our testing we noted that some blankets ran over into the next fiscal year.

Finding Number	1999-1449-010
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Ohio Rev. Code Section 135.14 states that investments or deposits under Section 135.14 cannot be made unless a written investment policy approved by the treasurer or governing body is on file with the Auditor of State. This policy must be signed by all entities conducting investment business with the treasurer or governing board (except the Treasurer of State) and all brokers, dealers and financial institutions described in section 135.14(M)(1). The District was unable to provide documentation that the investment policy had been signed by the Auditor of State, brokers, dealers, and financial institutions.

Finding Number	1999-1449-011
----------------	---------------

Ohio Rev. Code Section 9.38 states that public money must be deposited with the treasurer of the public office or to a designated depository within 24 hours of collection. During our testing, we noted that athletic receipts were not deposited within 24 hours of receipt to the treasurer. We recommend the District implement policies and procedures to be followed for collection and depositing of athletic funds.

Finding Number	1999-1449-012
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Ohio Rev. Code Section 4705.41(D) states that no orders or contracts involving the expenditures of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collections to the credit of an appropriate fund free from any previous encumbrances. The District had instances where expenditures were made prior to certification. We recommend the District obtain proper certification of funds prior to expenditure.

HAMILTON LOCAL SCHOOL DISTRICT  
FRANKLIN COUNTY  
JUNE 30, 1999

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

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number

1999-1449-013

**REPORTABLE CONDITION - REPORTS**

We noted there is no management review of reports prior to their submittal. The responsibility for the proper filing of the reports rest with one person. Proper control procedures would have the reports reviewed by management prior to their submission. There are no procedures in place to identify underlying source data that may not be accurate. Data is reported with no verification by the report preparer or management. Proper control procedures would have the data verified by the preparer, at least on a test basis. There are also no procedures in place to remind staff of when reports are due. Current staff in charge of preparing reports know only through experience when reports are due. We recommend that a policy be implemented to provide staff with a monthly calendar outlining when reports are due to be filed. We also recommend that a procedure be developed for the preparer to verify the source data used to prepare these reports and that the reports be reviewed by management before being submitted.

HAMILTON LOCAL SCHOOL DISTRICT  
FRANKLIN COUNTY

STATUS OF PRIOR AUDIT FINDINGS, CITATIONS AND REPORTABLE CONDITIONS

<u>FINDINGS, CITATIONS, AND REPORTABLE CONDITIONS</u>	<u>STATUS</u>	<u>EXPLANATION IF NOT FULLY IMPLEMENTED</u>
<u>CITATIONS</u>		
<u>Ohio Revised Code</u>		
1. ORC Sec. 5705.41(B), failure to make an appropriation of money prior to making expenditures.	Not Corrected	Treasurer will monitor more closely.
2. ORC Sec. 5705.39, appropriations exceeded total estimated revenue in several funds.	Not Corrected	Treasurer will monitor more closely.
3. ORC Sec. 5705.41(D), blanket purchase orders exceeded three months.	Not Corrected	Treasurer will monitor more closely.
4. ORC Sec. 5705.412, failure to complete "412" certificates.	Not Corrected	Treasurer is starting to complete "412" certificates.
<u>REPORTABLE CONDITIONS</u>		
5. Reconciling cash accounts.	Corrected	N/A
6. Lack of controls over purchasing process.	Corrected	N/A
7. Reports to State.	Not Corrected	Treasurer will monitor more closely.
8. Annual physical inventory of commodities.	Corrected	N/A
9. Year 2000.	Corrected	N/A

HAMILTON LOCAL SCHOOL DISTRICT  
JUNE 30, 1999

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

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact</b>
1999-1449-013	Update process of report submission. Policy updated to include outline of when reports to be filed. Also, new form to be completed by Treasurer verifying report to be submitted.	July 2000	Scott Osborne

HAMILTON LOCAL SCHOOL DISTRICT  
FRANKLIN COUNTY

CONCLUSION STATEMENT

A post-audit conference with the Hamilton Local School District officials was conducted on May 5, 2000, at which time they were notified they had five business days to respond to the preliminary report.



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

HAMILTON LOCAL SCHOOL DISTRICT

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

By: Susan Babbitt

Date: JUNE 29, 2000