



**ST. BERNARD/ELMWOOD PLACE  
CITY SCHOOL DISTRICT  
HAMILTON COUNTY**

**SINGLE AUDIT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants .....	1
General-Purpose Financial Statements:	
Combined Balance Sheet - All Fund Types and Account Groups .....	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - All Governmental Fund Types and Expendable Trust Funds .....	6
Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types .....	8
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings Proprietary Fund Type and Nonexpendable Trust Funds .....	10
Combined Statement of Cash Flows - Proprietary Fund Type and Nonexpendable Trust Funds .....	11
Notes to General-Purpose Financial Statements .....	13
Schedule of Federal Awards Expenditures .....	38
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	39
Report of Independent Accountants on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control over Compliance in Accordance with OMB Circular A-133 .....	41
Schedule of Findings .....	43

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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

## REPORT OF INDEPENDENT ACCOUNTANTS

St. Bernard/Elmwood Place City School District  
Hamilton County  
105 Washington Avenue  
Cincinnati, Ohio 45217

To the Board of Education:

We have audited the accompanying general-purpose financial statements of St. Bernard/Elmwood Place City School District, Hamilton County, Ohio (the District), as of and for the fiscal year ended June 30, 1999 as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of St. Bernard/Elmwood Place City School District, Hamilton County, Ohio, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

**Jim Petro**  
Auditor of State

March 28, 2000



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St. Bernard-Elmwood Place City School District  
 Combined Balance Sheet  
 All Fund Types and Account Groups  
 June 30, 1999

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Assets and Other Debits:</b>				
Equity in Pooled Cash and Investments	\$2,196,382	\$148,632	\$56,671	\$179,353
Restricted Pooled Cash and Investments	128,205	0	0	0
<b>Receivables:</b>				
Taxes	7,382,796	0	0	0
Intergovernmental	0	1,274	0	0
Accounts	974	216	0	0
Accrued Interest	11,128	406	0	763
Inventory	0	0	0	0
<b>Fixed Assets ( Net, where applicable, of Accumulated Depreciation)</b>				
	0	0	0	0
<b>Other Debits:</b>				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided for Retirement of General Long-Term Obligations	0	0	0	0
<b>Total Assets &amp; Other Debits</b>	<u>\$9,719,485</u>	<u>\$150,528</u>	<u>\$56,671</u>	<u>\$180,116</u>
<b>Liabilities, Fund Equity &amp; Other Credits:</b>				
<b>Liabilities:</b>				
Accounts Payable	\$58,117	\$36,592	\$0	\$0
Accrued Wages & Benefits	881,298	40,365	0	0
Compensated Absences Payable	66,533	0	0	0
Deferred Revenue	6,365,296	0	0	0
Due to Students	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Capital Lease Obligations	0	0	0	0
<b>Total Liabilities</b>	<u>7,371,244</u>	<u>76,957</u>	<u>0</u>	<u>0</u>
<b>Fund Equity &amp; Other Credits:</b>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
<b>Retained Earnings:</b>				
Unreserved	0	0	0	0
<b>Fund Balance:</b>				
Reserved for Encumbrances	175,478	22,797	0	0
Reserved for Property Tax Advances	1,017,500	0	0	0
Reserved for Endowment	0	0	0	0
Reserved For Set-Asides	128,205	0	0	0
Unreserved & Undesignated	1,027,058	50,774	56,671	180,116
<b>Total Fund Equity (Deficit) &amp; Other Credits</b>	<u>2,348,241</u>	<u>73,571</u>	<u>56,671</u>	<u>180,116</u>
<b>Total Liabilities, Fund Equity &amp; Other Credits</b>	<u>\$9,719,485</u>	<u>\$150,528</u>	<u>\$56,671</u>	<u>\$180,116</u>

See accompanying notes.



Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$23,785	\$47,225	\$0	\$0	\$2,652,048
0	0	0	0	128,205
0	0	0	0	7,382,796
20,798	0	0	0	22,072
2,819	408	0	0	4,417
169	90	0	0	12,556
10,383	0	0	0	10,383
28,452	0	8,833,130	0	8,861,582
0	0	0	56,671	56,671
0	0	0	1,095,083	1,095,083
<u>\$86,406</u>	<u>\$47,723</u>	<u>\$8,833,130</u>	<u>\$1,151,754</u>	<u>\$20,225,813</u>
\$4,144	\$123	\$0	\$0	\$98,976
23,149	0	0	0	944,812
12,640	0	0	743,295	822,468
8,112	0	0	0	6,373,408
0	20,117	0	0	20,117
0	0	0	345,000	345,000
0	0	0	63,459	63,459
<u>48,045</u>	<u>20,240</u>	<u>0</u>	<u>1,151,754</u>	<u>8,668,240</u>
0	0	8,833,130	0	8,833,130
8,295	0	0	0	8,295
30,066	0	0	0	30,066
0	0	0	0	198,275
0	0	0	0	1,017,500
0	27,483	0	0	27,483
0	0	0	0	128,205
0	0	0	0	1,314,619
<u>38,361</u>	<u>27,483</u>	<u>8,833,130</u>	<u>0</u>	<u>11,557,573</u>
<u>\$86,406</u>	<u>\$47,723</u>	<u>\$8,833,130</u>	<u>\$1,151,754</u>	<u>\$20,225,813</u>

St. Bernard-Elmwood Place City School District  
 Combined Statement of Revenues, Expenditures  
 And Changes in Fund Balance  
 All Governmental Fund Types and Expendable Trust Funds  
 For the Year Ended June 30, 1999

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Revenues:</b>						
Taxes	\$7,839,695	\$0	\$96,031	\$0	\$0	\$7,935,726
Intergovernmental	913,130	1,311,891	2,786	0	0	2,227,807
Investment	218,606	6,318	0	6,713	1,078	232,715
Tuition & Fees	13,685	528	0	0	0	14,213
Extracurricular Activities	0	112,139	0	0	0	112,139
Miscellaneous	549,264	22,087	0	0	8,200	579,551
<b>Total Revenues</b>	<b>9,534,380</b>	<b>1,452,963</b>	<b>98,817</b>	<b>6,713</b>	<b>9,278</b>	<b>11,102,151</b>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular	4,150,047	303,490	0	43,742	120	4,497,399
Special	744,422	226,858	0	0	0	971,280
Vocational	161,946	466	0	0	0	162,412
<b>Support Services:</b>						
Pupils	334,964	98,247	0	0	0	433,211
Instructional Staff	364,567	151,138	0	0	0	515,705
Board of Education	15,708	0	0	0	0	15,708
Administration	739,493	0	0	0	0	739,493
Fiscal	319,963	0	2,572	0	0	322,535
Operation & Maintenance of Plant	1,044,997	15,555	0	31,929	0	1,092,481
Pupil Transportation	249,327	113	0	0	0	249,440
Central	244,577	3,229	0	0	2,674	250,480
Operation of Non-Instructional Services	769	601,592	0	0	17,804	620,165
Extracurricular Activities	265,877	117,434	0	0	0	383,311
<b>Debt Service:</b>						
Principal Retirement	24,310	0	275,000	0	0	299,310
Interest & Fiscal Charges	9,872	0	27,064	0	0	36,936
<b>Total Expenditures</b>	<b>8,670,839</b>	<b>1,518,122</b>	<b>304,636</b>	<b>75,671</b>	<b>20,598</b>	<b>10,589,866</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>863,541</b>	<b>(65,159)</b>	<b>(205,819)</b>	<b>(68,958)</b>	<b>(11,320)</b>	<b>512,285</b>
<b>Other Financing Sources (Uses):</b>						
Proceeds from Sale of Fixed Assets	2,021	0	0	0	0	2,021
Operating Transfers In	0	21,900	69,055	100,000	0	190,955
Operating Transfers Out	(212,955)	0	0	0	0	(212,955)
<b>Total Other Financing Sources (Uses)</b>	<b>(210,934)</b>	<b>21,900</b>	<b>69,055</b>	<b>100,000</b>	<b>0</b>	<b>(19,979)</b>
<b>Excess of Revenues &amp; Other Financing Sources Over (Under) Expenditures &amp; Other Financing Uses</b>	<b>652,607</b>	<b>(43,259)</b>	<b>(136,764)</b>	<b>31,042</b>	<b>(11,320)</b>	<b>492,306</b>
Fund Balance, Beginning of Year	1,700,276	116,830	193,435	149,074	32,896	2,192,511
Increase (Decrease) in Reserve for Inventory	(4,642)	0	0	0	0	(4,642)
<b>Fund Balance, End of Year</b>	<b>\$2,348,241</b>	<b>\$73,571</b>	<b>\$56,671</b>	<b>\$180,116</b>	<b>\$21,576</b>	<b>\$2,680,175</b>

See accompanying notes.

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St. Bernard-Elmwood Place City School District  
 Combined Statement of Revenues, Expenditures  
 And Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 All Governmental Fund Types  
 For the Year Ended June 30, 1999

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$7,545,195	\$7,545,195	\$0	\$0	\$0	\$0
Intergovernmental	913,580	913,580	0	1,310,617	1,310,617	0
Investment	216,975	216,975	0	5,912	5,912	0
Tuition & Fees	13,462	13,462	0	528	528	0
Extracurricular Activities	0	0	0	112,139	112,139	0
Miscellaneous	558,851	558,851	0	22,087	22,087	0
<b>Total Revenues</b>	<b>9,248,063</b>	<b>9,248,063</b>	<b>0</b>	<b>1,451,283</b>	<b>1,451,283</b>	<b>0</b>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular	4,078,885	4,078,885	0	306,068	306,068	0
Special	758,582	758,582	0	226,690	226,690	0
Vocational	169,347	169,347	0	466	466	0
<b>Support Services:</b>						
Pupils	326,998	326,998	0	103,962	103,962	0
Instructional Staff	367,079	367,079	0	150,647	150,647	0
Board of Education	18,565	18,565	0	0	0	0
Administration	695,224	695,224	0	0	0	0
Fiscal	413,902	413,902	0	0	0	0
Operation & Maintenance of Plant	1,194,692	1,194,692	0	15,555	15,555	0
Pupil Transportation	276,672	276,672	0	113	113	0
Central	247,966	247,966	0	8,229	8,229	0
Operation of Non-Instructional Services	769	769	0	628,977	628,977	0
Extracurricular Activities	264,526	264,526	0	125,602	125,602	0
<b>Debt Service:</b>						
Principal Retirement	0	0	0	0	0	0
Interest & Fiscal Charges	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>8,813,207</b>	<b>8,813,207</b>	<b>0</b>	<b>1,566,309</b>	<b>1,566,309</b>	<b>0</b>
<b>Excess (Deficiency) of Revenues Over Under Expenditures</b>	<b>434,856</b>	<b>434,856</b>	<b>0</b>	<b>(115,026)</b>	<b>(115,026)</b>	<b>0</b>
<b>Other Financing Sources (Uses):</b>						
Proceeds from Sale of Fixed Assets	2,021	2,021	0	0	0	0
Refund of Prior Year Expenditures	2,278	2,278	0	0	0	0
Operating Transfers In	0	0	0	21,900	21,900	0
Operating Transfers Out	(212,955)	(212,955)	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(208,656)</b>	<b>(208,656)</b>	<b>0</b>	<b>21,900</b>	<b>21,900</b>	<b>0</b>
<b>Excess of Revenues &amp; Other Financing Sources Over (Under) Expenditures &amp; Other Financing Uses</b>	<b>226,200</b>	<b>226,200</b>	<b>0</b>	<b>(93,126)</b>	<b>(93,126)</b>	<b>0</b>
<b>Fund Balance, Beginning of Year (Includes Prior Year Encumbrances Appropriated)</b>	<b>1,744,235</b>	<b>1,744,235</b>	<b>0</b>	<b>184,919</b>	<b>184,919</b>	<b>0</b>
<b>Fund Balance, End of Year</b>	<b>\$1,970,435</b>	<b>\$1,970,435</b>	<b>\$0</b>	<b>\$91,793</b>	<b>\$91,793</b>	<b>\$0</b>

See accompanying notes.

Debt Service			Capital Projects			Totals (Memorandum Only)		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$110,031	\$110,031	\$0	\$0	\$0	\$0	\$7,655,226	\$7,655,226	\$0
2,786	2,786	0	0	0	0	2,226,983	2,226,983	0
0	0	0	5,950	5,950	0	228,837	228,837	0
0	0	0	0	0	0	13,990	13,990	0
0	0	0	0	0	0	112,139	112,139	0
0	0	0	0	0	0	580,938	580,938	0
112,817	112,817	0	5,950	5,950	0	10,818,113	10,818,113	0
0	0	0	43,742	43,742	0	4,428,695	4,428,695	0
0	0	0	0	0	0	985,272	985,272	0
0	0	0	0	0	0	169,813	169,813	0
0	0	0	0	0	0	430,960	430,960	0
0	0	0	0	0	0	517,726	517,726	0
0	0	0	0	0	0	18,565	18,565	0
0	0	0	0	0	0	695,224	695,224	0
2,572	2,572	0	0	0	0	416,474	416,474	0
0	0	0	31,929	31,929	0	1,242,176	1,242,176	0
0	0	0	0	0	0	276,785	276,785	0
0	0	0	0	0	0	256,195	256,195	0
0	0	0	0	0	0	629,746	629,746	0
0	0	0	0	0	0	390,128	390,128	0
275,000	275,000	0	0	0	0	275,000	275,000	0
27,064	27,064	0	0	0	0	27,064	27,064	0
304,636	304,636	0	75,671	75,671	0	10,759,823	10,759,823	0
(191,819)	(191,819)	0	(69,721)	(69,721)	0	58,290	58,290	0
0	0	0	0	0	0	2,021	2,021	0
0	0	0	0	0	0	2,278	2,278	0
69,055	69,055	0	100,000	100,000	0	190,955	190,955	0
0	0	0	0	0	0	(212,955)	(212,955)	0
69,055	69,055	0	100,000	100,000	0	(17,701)	(17,701)	0
(122,764)	(122,764)	0	30,279	30,279	0	40,589	40,589	0
179,525	179,525	0	149,074	149,074	0	2,257,753	2,257,753	0
\$56,761	\$56,761	\$0	\$179,353	\$179,353	\$0	\$2,298,342	\$2,298,342	\$0

St. Bernard-Elmwood Place City School District  
 Combined Statement of Revenues, Expenses  
 And Changes in Retained Earnings/Fund Balance  
 Proprietary Fund Type and Nonexpendable Trust Funds  
 For the Year Ended June 30, 1999

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Operating Revenues:			
Investment Revenue	\$0	\$337	\$337
Charges for Services	\$181,700	0	\$181,700
Tuition & Fees	672	0	672
	<u>182,372</u>	<u>337</u>	<u>182,709</u>
Total Operating Revenues			
Operating Expenses:			
Salaries	148,059	0	148,059
Fringe Benefits	67,862	0	67,862
Purchased Services	1,839	0	1,839
Materials & Supplies	161,285	0	161,285
Depreciation	4,064	0	4,064
Other Operating Expenses	1,151	500	1,651
	<u>384,260</u>	<u>500</u>	<u>384,760</u>
Total Operating Expenses			
Operating Income (Loss)	<u>(201,888)</u>	<u>(163)</u>	<u>(202,051)</u>
Non-Operating Revenues (Expenses):			
Investment Revenue	728	0	728
Donated Commodities	15,593	0	15,593
Operating Grants - State & Local	11,694	0	11,694
Operating Grants - Federal	162,903	0	162,903
	<u>190,918</u>	<u>0</u>	<u>190,918</u>
Total Non-Operating Revenues			
Income (Loss) before Operating Transfers	(10,970)	(163)	(11,133)
Operating Transfers In	22,000	0	22,000
Net Income	<u>11,030</u>	<u>(163)</u>	<u>10,867</u>
Retained Earnings/Fund Balance, Beginning of Year	<u>19,036</u>	<u>6,070</u>	<u>25,106</u>
Retained Earnings/Fund Balance, End of Year	<u>\$30,066</u>	<u>\$5,907</u>	<u>\$35,973</u>

See accompanying notes.

St. Bernard-Elmwood Place City School District  
 Combined Statement of Cash Flows  
 Proprietary Fund Type and Nonexpendable Trust Funds  
 For the Year Ended June 30, 1999

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
<b>Cash Flows from Operating Activities:</b>			
Cash Received from Tuition & Fees	\$672	\$0	\$672
Cash Received from Investment Earnings	0	310	310
Cash Received from Charges for Services	186,556	0	186,556
Cash Payments for Personal Services	(214,886)	0	(214,886)
Cash Payments for Contract Services	(1,943)	0	(1,943)
Cash Payments for Supplies & Materials	(142,412)	0	(142,412)
Cash Payments for Other Expenses	(1,151)	(500)	(1,651)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(173,164)</u>	<u>(190)</u>	<u>(173,354)</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Cash Received from Other Funds	22,000	0	22,000
Cash Received from Operating Grants	175,288	0	175,288
Cash Received from Investment Earnings	559	0	559
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<u>197,847</u>	<u>0</u>	<u>197,847</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition of Capital Assets	(18,871)	0	(18,871)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	5,812	(190)	5,622
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>17,973</u>	<u>6,070</u>	<u>24,043</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$23,785</u>	<u>\$5,880</u>	<u>\$29,665</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>			
Operating Income (Loss)	(\$201,888)	(\$163)	(\$202,051)
<b>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</b>			
Depreciation	4,064	0	4,064
Donated Commodities Used	15,593	0	15,593
<b>Changes in Assets and Liabilities:</b>			
(Increase) Decrease in Accounts Receivables	1,364	0	1,364
(Increase) Decrease in Accrued Interest	0	(27)	(27)
(Increase) Decrease in Materials & Supplies Inventory	2,079	0	2,079
Increase (Decrease) in Accounts Payable	4,040	0	4,040
Increase (Decrease) in Accrued Wages & Benefits	(208)	0	(208)
Increase (Decrease) in Compensated Absences Payable	1,243	0	1,243
Increase (Decrease) in Deferred Revenue	549	0	549
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(\$173,164)</u>	<u>(\$190)</u>	<u>(\$173,354)</u>
<b>Reconciliation of of Nonexpendable Trust Fund to Balance Sheet</b>			
Cash and Cash Equivalents - All Fiduciary Funds		\$47,222	
Cash and Cash Equivalents - Agency Funds and Expendable Trust		(41,343)	
Cash and Cash Equivalents - Nonexpendable Trust Fund		<u>\$5,879</u>	

See accompanying notes.

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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**

**NOTE A--DESCRIPTION OF THE DISTRICT**

The District was chartered by the Ohio State Legislature in 1968. Prior to 1968, Elmwood Place and St. Bernard were separate school districts. Today, the District operates under current standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 and Section 119.01 of the Ohio Revised Code.

The District operates under a locally elected five member Board form of government and provides educational services as authorized by its charter or further mandated by state and/or federal agencies.

The District is the fifth smallest in Hamilton County in terms of enrollment. It currently operates one elementary school (grades preschool-6); one elementary school (grades K-6), and one junior/senior high school (grades 7-12).

**NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

The Reporting Entity

For financial reporting purposes the District's financial statements include all funds and account groups for which the District is financially accountable based upon criteria set forth in GASB Statement 14. Under this criteria only the primary government is included in the financial statements. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. The District also considered potential component units for inclusion in the financial statements. Generally, component units are legally separate organizations for which the elected officials of the primary government (i.e. the District) are financially accountable. The District would consider an organization to be a component if:

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

The District included no component units in the financial statements.

**Basis of Presentation - Fund Accounting**

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

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

General Fund

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

Special Revenue Funds

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

Debt Service Fund

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

Capital Projects Funds

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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

Enterprise Funds

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

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

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

General Fixed Assets Account Group

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

General Long Term Obligations Account Group

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Measurement Focus/Basis of Accounting

*Measurement Focus:* Governmental Fund Types and Expendable Trust Funds are accounted for on a spending, or “financial flow,” measurement focus. Governmental Fund Types and Expendable Trust Funds operating statements represent increases and decreases in net current assets. Their reported fund balances are considered a measure of available spendable resources.

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

*Basis of Accounting:* The modified accrual basis of accounting is followed for Governmental and Expendable Trust Funds. Under this basis of accounting revenues are recognized when they become both measurable and available to finance expenditures for the current period, which for the District is 60 days after fiscal year end. Revenue accrued at the end of the fiscal year included property taxes, interest, tuition, and state and federal grants. Property taxes which are available and measurable by the collecting agency, local County Auditor’s office, are recognized as revenue. Property taxes measurable as of June 30, which are not available for distribution by the County Auditor’s office, and delinquent property taxes whose availability is indeterminable, have been recorded as deferred revenue. Expenditures are recognized in the period in which the related fund liability is incurred, except interest on long-term debt which is recorded when due. Proprietary Funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. Donated commodities are valued at fair market value.

Budgetary Data

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

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

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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

The District adopts an annual budget for all governmental fund types. The specific timetable is as follows:

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

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

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

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

Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions must be approved by the Board of Education. All funds, other than agency funds, are legally required to be budgeted and appropriated.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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

Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal 1998-99 and none were significant.

Encumbrances

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

Cash and Investments

Cash received by the District is deposited in one of two bank accounts with individual fund balance integrity maintained throughout. Monies for all funds are maintained in these accounts or are temporarily used to purchase short-term cash equivalent investments (maturity date within three months of the date acquired). State statute authorizes the District to invest in obligations of the U.S. Treasury, commercial paper and repurchase agreements.

Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to Auxiliary Services Funds and certain trust funds and those funds individually authorized by Board resolution.

Investment earnings are allocated to these funds based on average monthly cash balances. Investment income earned in fiscal 1999 totaled \$233,780.

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

During fiscal year 1999, investments were limited to Star Ohio and Fifth Third Commercial Paper.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted prices. Certificates of deposits are reported at cost.

Investments are stated at fair value as determined by quoted market prices.

The District has invested funds in State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 1999. STAROhio is an investment pool managed by the State Treasurers Office which allows governments within the state to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 1999.

**Restricted Assets**

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

**Inventory (Materials and Supplies)**

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consist of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expended when used.

**Fixed Assets and Depreciation**

General Fixed Assets Account Group - General fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and dispositions during the year in the General Fixed Assets Account Group. Donated fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$500 and a useful life of less than 5 years. The District does not have infrastructure.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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

Asset	Life (years)
Building	30 to 50
Building Improvements	10 to 40
Improvements other than Buildings	10 to 20
Furniture, Fixtures and Equipment	05 to 20

**Intergovernmental Revenues**

In Governmental Funds, entitlements and non-reimbursable grants are recorded as receivables and revenue when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants for Proprietary Fund operations are recognized as revenue when measurable and earned.

**Interfund Transactions**

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

Routine transfers of resources from the General Fund to other funds through which resources to be expended are recorded as operating transfers.

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

Short-term interfund loans are reflected as interfund loans payable/receivable, while long-term interfund loans (greater than one year in length) are recorded as advances to/from other funds. The District had no interfund loans payable/receivable or advances to/from other funds at June 30, 1999.



**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Compensated Absences

GASB Statement No. 16 specifies that compensated absences should be accrued as they are earned by employees if both of the following conditions are met:

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

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

<u>Vacation</u>	<u>Certified</u>	<u>Administrators</u>	<u>Non-Certificated</u>
How earned	Not Eligible	1.75-2.25 days per month	10-21 days for each service year depending on length of service.
Maximum Accumulation	Not Applicable	Must use annually	Must use annually
Vested	Not Applicable	As Earned	As Earned
Termination Entitlement	Not Applicable	Paid upon Termination	Paid upon Termination
<u>Sick Leave</u>			
How Earned	1 1/4 days per month of employment (15 days per year)	1 1/4 days per month of employment (15 days per year)	1 1/4 days per month of employment (15 days per year)
Maximum Accumulation	215 days	Number of days in contract -- 275	Number of days in contract -- 191-260
Vested	As Earned	As Earned	As Earned
Termination Entitlement	Per Contract	Per Contract	Per Contract

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

For governmental funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the respective Governmental Fund. Amounts that are not expected to be liquidated with expendable available financial resources are reported in the General Long-Term Obligations Account Group. Compensated absences of Proprietary Funds are recorded as an expense and liability of the respective proprietary fund.

The district assumes that all employees with ten years of service in the district will retire from the district, and will be eligible for severance pay. Payment is made based on one-fourth of the employee's total sick leave accumulation up to a maximum of 53.75 days for certified and classified employees, and 68.75 days for administrators and the treasurer.

**Long-Term Obligations**

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

**Fund Equity**

Contributed capital is recorded in proprietary funds that received capital grants or contributions from other funds, for the period ended June 30, 1999.

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Governmental Fund balances are reserved for encumbrances, property tax advances, and set asides for budget stabilization reserves. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purpose of those funds.

**Memorandum Only - Total Columns**

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Proprietary Fund Accounting

In accordance with GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting", the District applies all GASB

Pronouncements and all FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, unless they conflict with GASB pronouncements.

**NOTE C--EQUITY IN POOLED CASH AND INVESTMENTS**

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

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

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

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

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

Protection of the School 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 monies deposited with the institution.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE C--EQUITY IN POOLED CASH AND INVESTMENTS - CONTINUED**

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

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

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE C--EQUITY IN POOLED CASH AND INVESTMENTS - CONTINUED**

At year end the unobligated or carrying amount of the District's deposits was \$70,691 and the bank balance was \$286,202. \$171,674 of the bank balance was covered by federal depository insurance. The remaining amounts were uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name and all State Statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the School District to a successful claim by the FDIC.

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

Based on the above criteria, the District's investments at June 30, 1999 are classified as follows:

	<u>Carrying Value/ Fair Value</u>
State Treasury Pool (1)	<u>\$2,709,562</u>

(1) These investments are not categorized because they are not evidenced by securities that exist in physical or book entry form.

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of pledging specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure repayment of all public monies deposited in the financial institution, provided that at all times the total value of the securities so pledged is at least equal to 110% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

**NOTE D--PROPERTY TAXES**

Property taxes include amounts levied against real, public utility and tangible personal (business) property. The assessed value, by property classification, upon which taxes collected in 1999 were based, is as follows:

Tangible Personal	\$158,836,260
Real Estate	<u>78,257,230</u>
Total assessed property value	<u>\$237,093,490</u>

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE D--PROPERTY TAXES - CONTINUED**

In 1999, real property taxes were levied in January on the assessed values as of January 1, 1997, the lien date. Assessed values are established by the County Auditor at 35% of appraised market value. A revaluation of real property is required to be completed no less than every six years, with a statistical update every third year. The most recent revaluation was completed in January, 1994. Tangible personal property tax is assessed on equipment and inventory held by businesses. Tangible property is assessed at 25% of true value (as defined). In 1999, each business was eligible to receive a \$10,000 exemption in assessed value which was reimbursed by the State.

Real property taxes are payable annually or semi-annually. In 1999, if paid annually, payment was due by January 20th. If paid semi-annually, the first payment (at least 1/2 amount billed) was due January 20th with the remainder due on June 20<sup>th</sup>.

The County Auditor remits portions of the taxes collected to all taxing Districts with periodic settlements of Real and Public Utility property taxes in February and August and Tangible Personal Property taxes in June and October. The District records billed but uncollected property taxes as receivables at their estimated net realizable value.

Accrued property taxes receivable represent real property, personal property, and public utility taxes which became measurable as of the current year end. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 1999, was \$1,017,500 and is recognized as revenue. The amount available for advance at June 30, 1998, was \$737,000.

**NOTE E--FIXED ASSETS**

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

	<u>July 1, 1998</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30,1999</u>
Land	\$ 311,866	\$ -0-	\$ -0-	\$ 311,866
Building	6,865,130	-0-	-0-	6,865,130
Furniture & Equipment	<u>1,903,425</u>	<u>326,320</u>	<u>573,611</u>	<u>1,656,134</u>
Total	<u>\$ 9,080,421</u>	<u>\$ 326,320</u>	<u>\$573,611</u>	<u>\$ 8,833,130</u>

There was no significant construction in progress as of June 30, 1999.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE E--FIXED ASSETS - CONTINUED**

A summary of the Proprietary Fund fixed assets at June 30, 1999 follows:

Furniture and Equipment	\$82,418
Less: Accumulated Depreciation	<u>(53,966)</u>
Net Fixed Assets - Proprietary Fund	<u>\$28,452</u>

**NOTE F--CAPITALIZED LEASES**

The District has entered into capitalized lease agreements for the acquisition of certain office equipment. The terms of the agreements provide an option to purchase the equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lease at the conclusion of the lease term. The lease agreement is accounted for on a GAAP basis as a capital outlay expenditure in the general fund with an offsetting amount report as an other financing source.

Capital lease payments have been reclassified and are reflected as debt service expenditures in the general purpose financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

Fixed assets acquired by lease have been capitalized in the general fixed assets account group at a value which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 1999:

2000	34,182
2001	28,151
2002	<u>11,730</u>
Total Payments	\$74,063
Less: Amount representing Interest	<u>(\$10,604)</u>
Present Value of Minimum Lease Payments	<u>\$ 63,459</u>

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE G--THE GENERAL LONG TERM OBLIGATIONS ACCOUNT GROUP**

The current obligation bonds outstanding, issued to provide funds for the acquisition and construction of equipment and facilities, are general obligation of the school district for which the full faith and credit of the school district is pledged for repayment. Accordingly, such unmatured obligation of the school district are accounted for in the General Long-term Obligation Account Group. Payments of principal and interest relating to these liabilities are recorded as expenditures in the Debt Service Fund.

The following is a description of the District's bonds outstanding as of June 30, 1999:

<u>Purpose</u>	<u>Interest</u>	<u>Issue</u>	<u>Maturity</u>	<u>Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u>
BONDS:	<u>Rate</u>	<u>Date</u>	<u>Date</u>	<u>6/30/98</u>	<u>1999</u>	<u>1999</u>	<u>6/30/99</u>
School							
Facilities	7.125%	8/1/74	12/1/98	\$225,000	\$ -0-	\$225,000	\$ -0-
School							
Facilities	5.15%	7/21/95	7/21/05	<u>395,000</u>	<u>-0-</u>	<u>50,000</u>	<u>\$345,000</u>
Total				<u>\$620,000</u>	<u>\$ -0-</u>	<u>\$275,000</u>	<u>\$345,000</u>

The following is a summary of the District's future annual debt service requirements to maturity for general obligation bonds:

<u>Year Ending</u>	General Obligation		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2000	50,000	16,480	66,480
2001	45,000	14,684	59,684
2002	50,000	12,758	62,758
2003	50,000	9,923	59,923
2004	50,000	7,088	57,088
2005	50,000	4,258	54,258
2006	<u>50,000</u>	<u>1,418</u>	<u>51,418</u>
	<u>\$345,000</u>	<u>\$66,609</u>	<u>\$411,609</u>

**NOTE H--CHANGES IN THE GENERAL LONG TERM OBLIGATIONS ACCOUNT GROUP**

During the year ended June 30, 1999, the following changes occurred in the General Long Term Obligations Account Group. Compensated absences will be paid from the fund from which the employee is paid.



**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE H--CHANGES IN THE GENERAL LONG TERM OBLIGATIONS ACCOUNT GROUP – CONTINUED**

	<u>July 1, 1998</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30,1999</u>
Compensated Absences:				
Sick Leave/Vacation Leave	\$ 727,307	\$15,988	\$ -0-	\$ 743,295
General Obligation Debt:				
Bonds	620,000	-0-	275,00	345,000
Capital Leases	<u>87,770</u>	<u>-0-</u>	<u>24,311</u>	<u>63,459</u>
Total	<u>\$1,435,077</u>	<u>\$15,988</u>	<u>\$299,311</u>	<u>\$1,151,754</u>

**NOTE I--LEGAL DEBT MARGIN**

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

**NOTE J--SEGMENT INFORMATION**

Enterprise Funds - The District maintains two Enterprise Funds to account for the operations of Food Services and Uniform Supply. The table below reflects, in a summarized format, the more significant financial data relating to the Enterprise Funds of the District as of and for the year ended June 30, 1999.

	<u>Food Service</u>	<u>Uniform Supply</u>	<u>Total</u>
Operating Revenues	\$181,700	\$ 672	\$ 182,372
Operating expenses before depreciation	378,448	1,748	380,196
Depreciation	4,064	-0-	4,064
Operating Income (Loss)	(200,812)	(1,076)	(201,888)
Donated Commodities	15,593	-0-	15,593
Operating Grants	174,597	-0-	174,597
Other Non-Operating Revenue	728	-0-	728
Net Income (Loss)	(9,894)	(1,076)	(10,970)
Operating Transfers In (out)	22,000	-0-	22,000

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE J--SEGMENT INFORMATION - CONTINUED**

	<u>Food Service</u>	<u>Uniform Supply</u>	<u>Total</u>
Net Working Capital	9,749	160	9,909
Total Assets	86,222	184	86,406
Total Liability	48,021	24	48,045
Total Equity	38,201	160	38,361

**NOTE K--DEFINED BENEFIT PENSION PLANS**

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute 14%. The contribution rates are not determined actuarially, but are established by SERS's Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's contributions to SERS for the years ending June 30, 1999, 1998, 1997 were \$176,591, \$135,086, and \$129,331 respectively. All contributions for fiscal year 1999 were made as of June 30, 1999, therefore, no liability for SERS is presented at June 30, 1999.

B. State Teachers Retirement System

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE K--DEFINED BENEFIT PENSION PLANS – CONTINUED**

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute 14%. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's contributions to STRS for the years ending June 30, 1999, 1998, and 1997 were \$679,396, \$647,436, and \$620,316, respectively, equal to the required contributions for each year. All contributions for fiscal year 1999 were made as of June 30, 1999, therefore, no liability for STRS is presented at June 30, 1999.

**NOTE L--POST EMPLOYMENT BENEFITS**

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-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.

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, 1997, the Board allocated employer contributions equal to two percent of covered payroll to the Health Care Reserve Fund. Beginning July 1, 1999, this allocation was increased to 3.5 percent. The Health Care Reserve Fund Allocation for the year end June 30, 1999 will be 8% of covered payroll.

STRS pays health care benefits for the Health Care Reserve Fund. The balance in the Fund was \$2,156 million at June 30, 1998. For the year ended June 30, 1999, net worth costs paid by STRS were \$219,224,000 and STRS had \$91,999 eligible benefit recipients.

For the School Employees Retirement System, all retirees with a retirement date prior to July 1, 1987, are eligible to receive benefits. Retirees with a retirement date on or after July 1, 1987, must have ten years of service credit to be eligible to receive benefits. Retirees with retirement dates on or after July 1, 1990, who have ten to twenty-five years of service credit, must pay a portion of their own coverage. Retirees with a retirement date prior to July 1, 1990, and retirees with a retirement date on or after July 1, 1990 with more than twenty-five years of service credit, do not pay a premium. Premium payments are required for all covered spouses and dependents. For this fiscal year, employer contributions to fund health care benefits were 4.98 percent of covered payroll.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE L--POST EMPLOYMENT BENEFITS - CONTINUED**

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 1998, 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, 1999, 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. SERS has approximately 50,000 participants currently receiving health care benefits.

**NOTE M--BUDGETARY BASIS OF ACCOUNTING**

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

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

Governmental Fund Types

	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds
GAAP Basis	\$652,607	\$(43,259)	\$ (136,764)	\$ 31,042
Net Adjustment for Revenue Accruals	(284,039)	15,782	14,000	(763)
Net Adjustment for Expenditure Accruals	211,783	(8,816)	-0-	-0-
Encumbrances	<u>(354,151)</u>	<u>(56,833)</u>	<u>-0-</u>	<u>-0-</u>
Budgetary Basis	<u>\$226,200</u>	<u>\$(93,126)</u>	<u>\$(122,764)</u>	<u>\$30,279</u>

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE N--CONTINGENT LIABILITIES**

**GRANTS**

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 1999.

**NOTE O--JOINTLY GOVERNED ORGANIZATION**

The Hamilton/Clermont Cooperative Association (H/CCA) is a jointly governed organization consisting of 24 school districts. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the governments of these schools supports H/CCA and shares in a percentage of the equity based on the resources provided. H/CCA is governed by a board of directors consisting of the superintendents or designees of the member school districts. The degree of control exercised by any participating School District is limited to its representation on the board. The Board consists of one representative from each of the 24 participating school districts. During the 1999 fiscal year, the District paid \$3,867 to the H/CCA for services.

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

**NOTE P--OSBA GROUP RATING PROGRAM**

The School 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.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE P--OSBA GROUP RATING PROGRAM - CONTINUED**

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 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 GatesMcDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

**NOTES NOTE Q--INSURANCE PURCHASING POOL**

The Greater Cincinnati Insurance Consortium (GCIC) - The School District participates in the GCIC, an insurance purchasing pool. The School District can obtain better coverage and/or lower premiums by purchasing health, dental, and life insurance benefits through the pool.

**NOTE R--UNCERTAINTIES**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the Ohio General Assembly to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 1999, the District received \$500,353 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. At this time, 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 still operating under the laws that the Common Pleas Court declared unconstitutional.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE R--UNCERTAINTIES - CONTINUED**

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

**NOTE S--LITIGATION**

All potential claims against the District, from current litigation, are covered by insurance. As of June 30, 1999, the District had no pending litigation or potential liability that would have a material effect on the financial statements.

**NOTE T-- RISK MANAGEMENT**

The St. Bernard-Elmwood Place City School District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. The St. Bernard-Elmwood Place City School District carries insurance coverage with the following companies:

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

Limits and deductible amounts for the above policies vary accordingly.

<u>COVERAGE</u>	<u>LIMITS</u>	<u>DEDUCTIBLES</u>
Automobile	\$1,000,000 each occurrence	\$250 collision
Property	Covered for value of loss	\$1,000 each loss
General Liability	\$2,000,000 each occurrence \$5,000,000 general aggregate	

The St. Bernard-Elmwood Place City School District pays the State of Ohio Bureau of Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE U-- STATUTORY RESERVES**

The rules which address the set-asides for textbooks and capital improvements require that each school district include a schedule in its annual financial report that demonstrates compliance with the set-aside requirement. This disclosure is to be presented in the notes to the financial statements. A recommended format for the footnote follows.

	<u>Textbooks</u>	<u>Acquisitions</u>	<u>Capital Stabilization</u>	<u>Budget Totals</u>
Set-aside cash Balance as of June 30, 1998	\$ -0-	\$ -0-	\$ 49,062	\$ 49,062
Current Year Set-aside Requirement	\$158,286	158,256	79,143	395,685
Current Year Offsets	-0-	(100,000)	-0-	(100,000)
Qualifying Disbursements	<u>(177,982)</u>	<u>(126,505)</u>	<u>-0-</u>	<u>(304,487)</u>
Total	<u>(19,696)</u>	<u>(68,249)</u>	<u>128,205</u>	<u>40,260</u>
Cash Balance Carried Forward to FY 1999	<u>\$ 0</u>	<u>\$ 0</u>	<u>128,205</u>	<u>128,205</u>
Total Restricted Assets				<u>128,205</u>

Although the School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

**NOTE V-LEGAL COMPLIANCE**

The District's appropriations exceeded estimated revenue in the following funds and times of the year.

<u>"On or around the 1<sup>st</sup> of the fiscal year"</u>	<u>Appropriations in Excess of Est. Resources</u>
Special Revenue/Public Support (018)	\$1,212
Special Revenue/Other Grants (019)	60
Special Revenue/Athletic (300)	3,278
Special Revenue/Career Education (409)	19
Special Revenue/Pre-school Grant (439)	373
Special Revenue/DPIA (447)	92,172
Special Revenue/Eisenhower (514)	87
Special Revenue/Career Educations (524)	1,372
Special Revenue/Title I 98/99 (572)	14,894
Special Revenue Title VI 98/99 (573)	5,340
Capital Projects/Permanent Improvement (003)	1,434
Capital Projects/School Net (450)	64,313
Enterprise/Food Service (006)	6,240
Enterprise/Uniform Supplies (009)	150
Fiduciary/Special Trust-Expendable (007)	10,070



**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE V-LEGAL COMPLIANCE - CONTINUED**

<u>“Total budgetary at end of the fiscal year”</u>	<u>Appropriations in Excess of Est. Resources</u>
Special Revenue/Public Support (018)	373
Special Revenue/DPIA (447)	163,085
Special Revenue/Title VIB (516)	217
Special Revenue/Voc. Ed. (524)	2,884
Special Revenue/Title VI (573)	507
Agency/Student Activities (200)	290

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
JUNE 30, 1999**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed through the Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution	03-PU	10.550	\$0	\$20,098	\$0	\$19,549
School Breakfast Program	05-PU	10.553	33,464	0	33,464	0
National School Lunch Program	04-PU	10.555	130,048	0	130,048	0
Total U.S. Department of Agriculture - Nutrition Cluster			<u>163,512</u>	<u>20,098</u>	<u>163,512</u>	<u>19,549</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed through the Ohio Department of Education:</i>						
Special Education Grants to States (IDEA Part B)	6B-SF	84.027	77,568	0	78,993	0
Grants to Local Educational Agencies (ESEA Title I)	C1-S1	84.010	190,266	0	188,939	0
Innovative Education Program Strategies	C2-S1	84.298	9,199	0	8,051	0
Eisenhower Professional Development State Grant	MS-S1	84.281	4,623	0	4,663	0
Safe and Drug-Free Schools and Communities State Grants	DR-S1	84.186	30,639	0	25,738	0
Goals 2000 State and Local Education Systemic Improvement	G2-S2	84.276	167,605	0	141,590	0
<i>Passed through Great Oaks Institute of Technology and Career Development:</i>						
Vocational Education - Basic Grants to States		84.048	2,629	0	2,987	0
Total Department of Education			<u>482,529</u>	<u>0</u>	<u>450,961</u>	<u>0</u>
<b>U.S. DEPARTMENT OF LABOR</b>						
<i>Passed through the Hamilton County Employment Training Agency:</i>						
Job Training Partnership Act		17.998	3,231	0	3,231	0
Total Department of Labor			<u>3,231</u>	<u>0</u>	<u>3,231</u>	<u>0</u>
<b>Totals</b>			<u><b>\$649,272</b></u>	<u><b>\$20,098</b></u>	<u><b>\$617,704</b></u>	<u><b>\$19,549</b></u>

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

**NOTE A--SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B--FOOD DISTRIBUTION**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 1999, the District had no significant food commodities in inventory.

**NOTE C -- MATCHING REQUIREMENTS**

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

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

St. Bernard/Elmwood Place City School District  
Hamilton County  
105 Washington Avenue  
Cincinnati, Ohio 45217

To the Board of Education:

We have audited the general-purpose financial statements of St. Bernard/Elmwood Place City School District, Hamilton County, Ohio (the District), as of and for the fiscal year ended June 30, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as items 1999-10431-001 and 1999-10431-002.

We also noted certain immaterial instances of noncompliance that we have reported to the management of St. Bernard/Elmwood Place City School District in a separate letter dated March 28, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting 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 financial reporting that, in our judgement, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 1999-10431-003.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness.

We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated March 28, 2000.

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a stylized flourish at the end.

**Jim Petro**  
Auditor of State

March 28, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

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

St. Bernard/Elmwood Place City School District  
Hamilton County  
105 Washington Avenue  
Cincinnati, Ohio 45217

To the Board of Education:

**Compliance**

We have audited the compliance of St. Bernard/Elmwood Place City School District, Hamilton County, Ohio (the District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the fiscal year ended June 30, 1999. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the fiscal year ended June 30, 1999.

**Internal Control Over Compliance**

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

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

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

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

**Jim Petro**  
Auditor of State

March 28, 2000

**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A -133 § .505**  
**JUNE 30, 1999**

**1. SUMMARY OF AUDITOR'S RESULTS**

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material non-compliance 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?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Title 1 - CFDA #84.010
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

**FINDING NUMBER 1999-10431-001**

**Noncompliance**

Ohio Rev. Code, Section 5705.412, requires the treasurer, superintendent and president of the board of education to certify that adequate revenues will be available to maintain all personnel, programs and services essential to the provision of an adequate education program for a specified number of days. The certification must be attached to all negotiated agreements, appropriation measures, contracts for benefits, increased salary or wage schedules and construction contracts. The District did not issue any 412 certificates as required by law.

**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A -133 § .505**  
**JUNE 30, 1999**  
**(Continued)**

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

**FINDING NUMBER 1999-10431-001 (Continued)**

We recommend the District's Board of Education formally review and approve, in the minutes, a policy governing the issuance of "412 Certificates" to ensure compliance with budgetary laws and regulations and proper supervisory review.

The District did prepare and approve the "412" certificates after the fiscal year end during the course of the audit.

**FINDING NUMBER 1999-10431-002**

**Noncompliance**

Ohio Rev. Code, Section 5705.39, states the total appropriations from each fund should not exceed the total estimated revenue available for expenditure as certified by the budget commission. No appropriation 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 estimate or amended official estimate. The District's appropriations exceeded estimated revenue in the following funds and times of the year:

<u>"On or around the 1<sup>st</sup> of the fiscal year"</u>	<u>Appropriations in Excess of Est. Resources</u>
Special Revenue/Public Support (018)	\$1,212
Special Revenue/Other Grants (019)	60
Special Revenue/Athletic (300)	3,278
Special Revenue/Career Education (409)	19
Special Revenue/Pre-school Grant (439)	373
Special Revenue/DPIA (447)	92,172
Special Revenue/Eisenhower (514)	87
Special Revenue/Career Educations (524)	1,372
Special Revenue/Title I 98/99 (572)	14,894
Special Revenue Title VI 98/99 (573)	5,340
Capital Projects/Permanent Improvement (003)	1,434
Capital Projects/School Net (450)	64,313
Enterprise/Food Service (006)	6,240
Enterprise/Uniform Supplies (009)	150
Fiduciary/Special Trust-Expendable (007)	10,070
<u>"Total budgetary at end of the fiscal year"</u>	<u>Appropriations in Excess of Est. Resources</u>
Special Revenue/Public Support (018)	373
Special Revenue/DPIA (447)	163,085
Special Revenue/Title VIB (516)	217
Special Revenue/Voc. Ed. (524)	2,884
Special Revenue/Title VI (573)	507
Agency/Student Activities (200)	290

We recommend the District's Board of Education and the Treasurer review any appropriations measure or amended certificate prior to filing with the county auditor to ensure appropriations do not exceed estimated revenue.



**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A -133 § .505**  
**JUNE 30, 1999**  
**(Continued)**

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

**FINDING NUMBER 1999-10431-003**

**Reportable Condition**

The District computerized fixed asset records were not updated for fiscal year 1999. This could result in the overstatement or understatement of fixed assets historical cost by the District. Failure to address this issue will continue to increase the difficulty in reconstruction of prior records, create the potential for inaccurate accounting of current and future assets, and cause improper reporting of all fixed assets in the financial statements. Fixed asset records also enable the District to assure that adequate insurance is maintained. To increase accountability over District inventory, it is recommended that the District update their inventory records continuously throughout the year.

The District completed the fixed asset inventory update after the fiscal year end during the course of the audit.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**ST. BERNARD/ELMWOOD PLACE CITY SCHOOL DISTRICT**

**HAMILTON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
APRIL 27, 2000**