

**HARRISON HILLS CITY SCHOOL DISTRICT**

General Purpose Financial Statements

Year Ended June 30, 2000

With

Independent Auditors' Report



**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**  

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**JIM PETRO, AUDITOR OF STATE**

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Board of Education  
Harrison Hills City School District  
Hopedale, Ohio

We have reviewed the Independent Auditor's Report of the Harrison Hills City School District, Harrison County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 1999 to June 30, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

**JIM PETRO**  
Auditor of State

January 30, 2001

# HARRISON HILLS CITY SCHOOL DISTRICT

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Clark, Schaefer, Hackett & Co.  
CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS CONSULTANTS

**INDEPENDENT AUDITORS' REPORT**

To the Board of Education  
Harrison Hills City School District:

We have audited the accompanying general purpose financial statements of Harrison Hills City School District as of and for the year ended June 30, 2000 as listed in the table of contents. These general purpose financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Governmental 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 Harrison Hills City School District as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds 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 December 13, 2000 on our consideration of the Harrison Hills City School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of Harrison Hills City School District taken as a whole. The accompanying schedule of expenditures of federal awards 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.

*Clark, Schaefer, Hackett & Co.*

Cincinnati, Ohio  
December 13, 2000

**HARRISON HILLS CITY SCHOOL DISTRICT**  
 Combined Balance Sheet - All Fund Types and Account Groups  
 June 30, 2000

	Governmental Fund Types				Proprietary Fund Type		Fiduciary Fund Types		Account Groups			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Trust & Agency	General	Fixed Asset	General		Long-Term Debt	
									General	Long-Term Debt		
<b>ASSETS AND OTHER DEBITS</b>												
<b>ASSETS:</b>												
Equity in pooled cash and cash equivalents	\$ 2,342,052	406,210	992,893	62,746	531	451,612	-	-	-	-	-	4,256,044
Cash with fiscal agent	-	-	-	-	1,166,938	-	-	-	-	-	-	1,166,938
<b>Net receivables:</b>												
Taxes	4,539,921	-	217,286	-	-	-	-	-	-	-	-	4,757,207
Accounts	34,484	1,293	-	-	-	-	-	-	-	-	-	35,777
Accrued interest	27,042	-	584	2	-	2,087	-	-	-	-	-	29,715
Due from other governments	6,321	-	-	44,406	-	-	-	-	-	-	-	50,727
Prepayments	29,054	-	-	-	-	-	-	-	-	-	-	29,054
Materials and supply inventory	149,579	-	-	21,424	-	-	-	-	-	-	-	171,003
Interfund loan receivable	37,000	-	-	-	-	-	-	-	-	-	-	37,000
<b>Restricted assets:</b>												
Cash and cash equivalents	878,209	-	-	-	-	-	-	-	-	-	-	878,209
Property, plant and equipment (net of accumulated depreciation where applicable)	-	-	-	63,226	-	-	-	-	11,602,246	-	-	11,665,472
<b>OTHER DEBITS:</b>												
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	-	-	-	-	1,133,092	-	1,133,092
<b>Total assets and other debits</b>	<b>\$ 8,043,662</b>	<b>407,503</b>	<b>1,210,763</b>	<b>191,804</b>	<b>1,167,469</b>	<b>453,699</b>	<b>11,602,246</b>	<b>1,133,092</b>	<b>11,602,246</b>	<b>1,133,092</b>	<b>24,210,238</b>	

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The notes to the financial statements are an integral part of this statement.

# HARRISON HILLS CITY SCHOOL DISTRICT

Combined Balance Sheet - All Fund Types and Account Groups

June 30, 2000

	Governmental Fund Types			Proprietary Fund Type		Fiduciary Fund Types			Account Groups			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Trust & Agency	General Fixed Asset	Long-Term Debt	General			
									General	Debt		
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>												
<b>LIABILITIES:</b>												
Accounts payable	\$ 141,481	28,885	184,804	49	-	7,075	-	-	-	-	-	362,294
Accrued wages and benefits	935,107	155,737	3	40,574	-	-	-	-	-	-	-	1,131,421
Pension obligation payable	136,759	19,810	-	22,651	-	-	-	94,820	-	-	-	274,040
Compensated absences payable	17,030	-	-	25,188	-	-	-	1,014,541	-	-	-	1,056,759
Contracts payable	49,840	8,788	525,177	-	-	-	-	-	-	-	-	583,805
Interfund loan payable	-	37,000	-	-	-	-	-	-	-	-	-	37,000
Claims payable	-	-	-	-	318,691	-	-	-	-	-	-	318,691
Deferred revenue	4,289,542	-	190,277	5,625	-	-	-	-	-	-	-	4,485,444
Due to other governments	-	-	-	-	-	4,148	-	-	-	-	-	4,148
Due to student groups	-	-	-	-	-	48,725	-	-	-	-	-	48,725
Capital lease obligation payable	-	-	-	-	-	-	-	23,731	-	-	-	23,731
Energy conservation notes payable	15,984	-	-	-	-	-	-	-	-	-	-	15,984
<b>Total liabilities</b>	<b>5,585,743</b>	<b>250,220</b>	<b>900,261</b>	<b>94,087</b>	<b>318,691</b>	<b>59,948</b>	<b>-</b>	<b>1,133,092</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,342,042</b>
<b>EQUITY AND OTHER CREDITS</b>												
Investments in general fixed assets	-	-	-	-	-	-	11,602,246	-	-	-	-	11,602,246
Contributed capital	-	-	-	143,020	-	-	-	-	-	-	-	143,020
Retained earnings (accumulated deficit)	-	-	-	(45,303)	848,778	-	-	-	-	-	-	803,475
<b>Fund balances:</b>												
Reserved for:												
Encumbrances	350,708	133,287	426,119	-	-	-	-	-	-	-	-	910,114
Materials and supplies inventory	149,579	-	-	-	-	-	-	-	-	-	-	149,579
Budget set-asides	878,209	-	-	-	-	-	-	-	-	-	-	878,209
Prepayments	29,054	-	-	-	-	-	-	-	-	-	-	29,054
Property tax advances	250,379	-	27,009	-	-	-	-	-	-	-	-	277,388
Principal endowment	-	-	-	-	-	392,851	-	-	-	-	-	392,851
Unreserved - undesignated	799,990	23,996	(142,626)	-	-	900	-	-	-	-	-	682,260
<b>Total equity and other credits</b>	<b>2,457,919</b>	<b>157,283</b>	<b>310,502</b>	<b>97,717</b>	<b>848,778</b>	<b>393,751</b>	<b>11,602,246</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,868,196</b>
<b>Total liabilities, equity and other credits \$</b>	<b>8,043,662</b>	<b>407,503</b>	<b>1,210,763</b>	<b>191,804</b>	<b>1,167,469</b>	<b>453,699</b>	<b>11,602,246</b>	<b>1,133,092</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,210,238</b>

The notes to the financial statements are an integral part of this statement.

## HARRISON HILLS CITY SCHOOL DISTRICT

### Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Similar Trust Funds

For the Year Ended June 30, 2000

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
<b>Revenues:</b>					
Taxes	\$ 4,004,227	-	402,359	-	4,406,586
Earnings on investments	266,801	-	7,610	-	274,411
Other local revenue	79,218	138,080	1,100	1,900	220,298
Intergovernmental - state	6,250,457	616,268	264,698	-	7,131,423
Intergovernmental - federal	-	874,437	-	-	874,437
Total revenues	10,600,703	1,628,785	675,767	1,900	12,907,155
<b>Expenditures:</b>					
<b>Instruction:</b>					
Regular	5,178,103	688,042	77,667	-	5,943,812
Special	827,829	485,523	-	-	1,313,352
Vocational education	149,040	-	-	-	149,040
<b>Support services:</b>					
Pupil	420,352	165,639	-	-	585,991
Instructional staff	185,883	122,987	-	-	308,870
General administration	88,622	-	-	-	88,622
School administration	955,376	35,267	2,434	-	993,077
Fiscal	300,098	142	15,174	-	315,414
Operations and maintenance	875,020	-	-	-	875,020
Pupil transportation	990,696	21,058	190,653	-	1,202,407
Community services	-	203	-	2,300	2,503
Extracurricular activities	141,268	164,186	-	-	305,454
Facilities acquisition and construction	24,587	3,368	926,762	-	954,717
<b>Debt Service:</b>					
Principal	856	-	-	-	856
Interest	1,996	-	-	-	1,996
Total expenditures	10,139,726	1,686,415	1,212,690	2,300	13,041,131
Excess of revenues over (under) expenditures	460,977	(57,630)	(536,923)	(400)	(133,976)
<b>Other financing sources:</b>					
Proceeds from capital lease transactions	24,587	-	-	-	24,587
Sale of assets	10,001	-	-	-	10,001
Total other financing sources	34,588	-	-	-	34,588
Excess of revenues and other sources over (under) expenditures	495,565	(57,630)	(536,923)	(400)	(99,388)
Fund balance, beginning of year	1,949,893	214,913	847,425	1,300	3,013,531
Increase in reserve for inventory	12,461	-	-	-	12,461
Fund balance, end of year	\$ 2,457,919	157,283	310,502	900	2,926,604

The notes to the financial statements are an integral part of this statement.

**HARRISON HILLS CITY SCHOOL DISTRICT**

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual Comparison (Non-GAAP Budgetary Basis) - All Governmental Fund Types and Similar Trust Funds

For the Year Ended June 30, 2000

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
From local sources:						
Taxes	\$ 3,740,968	3,968,978	228,010	-	-	-
Earnings on investments	243,129	257,948	14,819	-	-	-
Other local revenues	76,434	81,093	4,659	136,623	138,080	1,457
Intergovernmental - state and local	5,899,037	6,258,582	359,545	616,956	623,539	6,583
Intergovernmental - federal	-	-	-	848,936	857,994	9,058
Total revenues	9,959,568	10,566,601	607,033	1,602,515	1,619,613	17,098
Expenditures:						
Current:						
Instruction:						
Regular	5,516,427	5,335,094	181,333	861,627	795,666	65,961
Special	850,703	842,485	8,218	544,277	500,626	43,651
Vocational	151,335	148,684	2,651	-	-	-
Support services:						
Pupil	468,956	460,562	8,394	164,251	163,596	655
Instructional staff	218,004	201,407	16,597	142,800	120,692	22,108
General administration	122,380	113,602	8,778	-	-	-
School administration	1,015,841	991,220	24,621	55,164	46,094	9,070
Fiscal	348,442	327,198	21,244	1,341	141	1,200
Operations and maintenance	1,060,954	1,028,133	32,821	-	-	-
Pupil transportation	949,494	912,866	36,628	23,898	21,022	2,876
Facilities acquisition and construction	200,000	-	200,000	54,279	41,869	12,410
Community services	-	-	-	203	203	-
Extracurricular activities	150,400	142,300	8,100	224,690	213,863	10,827
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	11,052,936	10,503,551	549,385	2,072,530	1,903,772	168,758
Excess of revenues over (under) expenditures	(1,093,368)	63,050	1,156,418	(470,015)	(284,159)	185,856
Other financing sources (uses):						
Advances in	106,010	112,471	6,461	36,609	37,000	391
Advances (out)	(87,389)	(87,389)	-	-	-	-
Proceeds of sale of assets	9,426	10,001	575	-	-	-
Refund of prior year expenditures	-	-	-	16,259	16,433	174
Total other financing sources (uses)	28,047	35,083	575	52,868	53,433	565
Excess of revenues and other sources over (under) expenditures and other (uses)	(1,065,321)	98,133	1,163,454	(417,147)	(230,726)	186,421
Fund balance, beginning of year	2,028,510	2,028,510		350,787	350,787	
Prior year encumbrances appropriated	693,674	693,674		123,090	123,090	
Fund balance, end of year	\$ 1,656,863	2,820,317		56,730	243,151	

The notes to the financial statements are an integral part of this statement.



Debt Service Fund			Capital Projects Funds			Expendable Trust Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
10,881	10,881	-	308,820	399,548	90,728	-	-	-
-	-	-	5,795	7,497	1,702	-	-	-
-	-	-	850	1,100	250	1,900	1,900	-
-	-	-	204,592	264,698	60,106	-	-	-
-	-	-	-	-	-	-	-	-
10,881	10,881	-	520,057	672,843	152,786	1,900	1,900	-
-	-	-	165,191	93,786	71,405	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	2,450	2,436	14	-	-	-
-	-	-	16,000	15,174	826	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	341,962	128,462	213,500	-	-	-
-	-	-	926,364	926,222	142	-	-	-
-	-	-	-	-	-	2,300	2,300	-
-	-	-	-	-	-	-	-	-
9,498	9,498	-	-	-	-	-	-	-
1,383	1,383	-	-	-	-	-	-	-
10,881	10,881	-	1,451,967	1,166,080	285,887	2,300	2,300	-
-	-	-	(931,910)	(493,237)	438,673	(400)	(400)	-
-	-	-	-	-	-	-	-	-
-	-	-	(62,082)	(62,082)	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	(62,082)	(62,082)	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	(993,992)	(555,319)	438,673	(400)	(400)	-
-	-	-	700,596	700,596	-	1,300	1,300	-
-	-	-	299,936	299,936	-	-	-	-
-	-	-	6,540	445,213	-	900	900	-

## HARRISON HILLS CITY SCHOOL DISTRICT

### Combined Statement of Revenues, Expenses and Changes in Retained Earnings All Proprietary Fund Types and Nonexpendable Trust Fund

For the Year Ended June 30, 2000

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
Operating revenues:				
Tuition and fees	\$ 20,722	-	-	20,722
Sales/charges for services	306,338	1,663,431	6,734	1,976,503
Earnings on investments	-	-	20,621	20,621
Other operating revenues	-	-	4,725	4,725
	327,060	1,663,431	32,080	2,022,571
Total operating revenues				
Operating expenses:				
Personnel services	365,563	127,025	-	492,588
Contractual services	21,558	-	14,830	36,388
Materials and supplies	328,088	-	7,767	335,855
Depreciation	5,909	-	-	5,909
Claims expense	-	1,466,120	-	1,466,120
Other expenses	-	-	943	943
	721,118	1,593,145	23,540	2,337,803
Total operating expenses				
Operating income (loss)	(394,058)	70,286	8,540	(315,232)
Nonoperating revenues:				
Operating grants	328,871	-	-	328,871
Federal commodities	44,831	-	-	44,831
Earnings on investments	1,289	203,250	-	204,539
Other nonoperating revenues	4,467	-	13,380	17,847
	379,458	203,250	13,380	596,088
Total nonoperating revenues				
Net income (loss)	(14,600)	273,536	21,920	280,856
Retained earnings/fund balance, beginning of year	(30,703)	575,242	370,931	915,470
Retained earnings/fund balance, end of year	\$ (45,303)	848,778	392,851	1,196,326

The notes to the financial statements are an integral part of this statement.

## HARRISON HILLS CITY SCHOOL DISTRICT

### Combined Statement of Cash Flows - All Proprietary Fund Types and Nonexpendable Trust Fund

For the Year Ended June 30, 2000

	Proprietary Fund Types		Fiduciary Fund Type	Totals
	Enterprise	Internal Service	Nonexpendable Trust	(Memorandum Only)
<b>Cash flows from operating activities:</b>				
Cash received from tuition and fees	\$ 20,722	-	-	20,722
Cash received from sales/service charges	308,360	1,663,431	6,734	1,978,525
Cash received from other operating sources	-	-	4,725	4,725
Cash payments for personal services	(359,687)	(127,025)	-	(486,712)
Cash payments for contract services	(20,880)	-	(9,116)	(29,996)
Cash payments for supplies and materials	(274,664)	-	(7,157)	(281,821)
Cash payments for claims expense	-	(1,325,448)	-	(1,325,448)
Cash payments for other expenses	-	-	(13,040)	(13,040)
Net cash provided (used) by operating activities	<u>(326,149)</u>	<u>210,958</u>	<u>(17,854)</u>	<u>(133,045)</u>
<b>Cash flows from noncapital financing activities:</b>				
Cash received from operating grants	338,088	-	-	338,088
Cash received from other noncapital financing activities	<u>4,467</u>	<u>-</u>	<u>13,380</u>	<u>17,847</u>
Net cash provided by noncapital financing activities	<u>342,555</u>	<u>-</u>	<u>13,380</u>	<u>355,935</u>
<b>Cash flows from capital and related financing activities:</b>				
Acquisition of capital assets	<u>(597)</u>	<u>-</u>	<u>-</u>	<u>(597)</u>
<b>Cash flows from investing activities:</b>				
Interest received	<u>1,758</u>	<u>203,250</u>	<u>20,066</u>	<u>225,074</u>
Net increase (decrease) in cash and cash equivalents	17,567	414,208	15,592	447,367
Cash and cash equivalents at beginning of year	<u>45,179</u>	<u>753,261</u>	<u>382,247</u>	<u>1,180,687</u>
Cash and cash equivalents at end of year	<u>\$ 62,746</u>	<u>1,167,469</u>	<u>397,839</u>	<u>1,628,054</u>

(Continued)

**Reconciliation of Nonexpendable Trust to Balance Sheet:**

Cash and cash equivalents - All Fiduciary Funds	\$ 451,612
Cash and cash equivalents - Expendable Trust and Agency Funds	<u>(53,773)</u>
Cash and cash equivalents - Nonexpendable Trust Fund	<u>\$ 397,839</u>

## HARRISON HILLS CITY SCHOOL DISTRICT

### Combined Statement of Cash Flows - Proprietary Fund Type and Nonexpendable Trust Fund

For the Year Ended June 30, 2000

(Continued)

	Proprietary Fund Types		Fiduciary Fund Type	Totals
	Enterprise	Internal Service	Nonexpendable Trust	(Memorandum Only)
	Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	(394,058)	70,286	8,540	(315,232)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	5,909	-	-	5,909
Federal donated commodities used	44,831	-	-	44,831
Interest reported as operating income	-	-	(20,066)	(20,066)
Changes in assets and liabilities:				
Accounts receivable	2,022	-	(555)	1,467
Prepayments	804	-	-	804
Accounts payable	(126)	-	6,324	6,198
Materials and supplies inventory	9,176	-	-	9,176
Accrued wages and benefits	416	-	-	416
Pension obligation payable	(2,020)	-	-	(2,020)
Claims payable	-	140,672	-	140,672
Contracts payable	-	-	(12,097)	(12,097)
Deferred revenue	(583)	-	-	(583)
Compensated absences payable	7,480	-	-	7,480
Net cash provided (used) by operating activities	\$ (326,149)	210,958	(17,854)	(133,045)

The notes to the financial statements are an integral part of this statement.

**HARRISON HILLS CITY SCHOOL DISTRICT  
HARRISON COUNTY, OHIO**

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

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

The Harrison Hills City School District (the "District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The District provides educational services as authorized by state statute and/or federal guidelines.

The District was established in 1971 through the consolidation of existing land areas and school districts. The District serves an area of approximately 386 square miles. It is located primarily in Harrison County, however small portions of the District are located in Carroll County, Tuscarawas County, Belmont County, and Jefferson County. The District is the 274<sup>th</sup> largest in the State of Ohio (among 660 public and community school districts) in terms of enrollment. It is staffed by 102 non-certificated employees, 160 certificated employees, and 9 administrators who provide services to 2,052 students and other community members. The District currently operates 8 instructional buildings, 1 administrative building, and 1 garage.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The general purpose financial statements (GPFS) 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 also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued prior to November 30, 1989 to its proprietary activities unless those pronouncements conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

**HARRISON HILLS CITY SCHOOL DISTRICT  
HARRISON COUNTY, OHIO**

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**A. Reporting Entity**

The District's reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity". When applying GASB Statement No. 14, management has considered all potential component units. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the District's ability to exercise significant oversight responsibility. The most significant manifestation of this ability is financial interdependence. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of the governing authority, the designation of management, the ability to significantly influence operations, and the accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the District and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, the District has no component units. The following organizations are described due to their relationship with the District:

*JOINTLY GOVERNED ORGANIZATIONS*

Ohio Mid-Eastern Regional Education Service Agency

Ohio Mid-Eastern Regional Education Service Agency (OME-RESA) is a not-for-profit computer service organization whose primary function is to provide information technology services to its member school districts with the major emphasis being placed on accounting, payroll and inventory control services. Other areas of service provided by the OME-RESA include pupil scheduling, attendance and grade reporting, career guidance services, special education records, and test scoring.

**HARRISON HILLS CITY SCHOOL DISTRICT  
HARRISON COUNTY, OHIO**

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The OME-RESA is one of twenty-three regional service organizations serving over 600 public school districts in the State of Ohio that make up the Ohio Educational Computer Network (OECN). These service organizations are known as Data Acquisition Sites. The OECN is a collective group of Data Acquisition Sites, authorized pursuant to Section 3301.075 of the Ohio Revised Code, and their member school districts. Such sites, in conjunction with the Ohio Department of Education (ODE), comprise a statewide delivery system to provide comprehensive, cost-efficient accounting and other administrative and instructional computer services for participating Ohio school districts.

Major funding for this network is derived from the State of Ohio. In addition, a majority of the software utilized by the OME-RESA is developed by the ODE.

The OME-RESA is owned and operated by forty-nine member school districts in ten different Ohio counties. The member school districts are comprised of public school districts and county boards of education. Each member district pays an annual fee for services provided by OME-RESA. OME-RESA is governed by a board of directors which is selected by the member districts. Each member district has one vote in all matters and each member district's control over budgeting and financing of OME-RESA is limited to its voting authority and any representation it may have on the board of directors.

The OME-RESA is located at 2023 Sunset Blvd., Steubenville, Ohio 43952. The Jefferson County Educational Service Center is one of OME-RESA's member districts, and acts in the capacity of fiscal agent for OME-RESA.

**Belmont Harrison Joint Vocational School**

The Belmont Harrison Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the nine participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Belmont Harrison Joint Vocational School, Treasurer's Office, at 110 Fox/Shannon Place, St. Clairsville, Ohio 43950.

**HARRISON HILLS CITY SCHOOL DISTRICT  
HARRISON COUNTY, OHIO**

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*INSURANCE PURCHASING POOL*

Ohio School Boards Association Workers' Compensation Group Rating Plan

The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (the Plan) was established through the Ohio School Boards Association (OSBA) as a group purchasing pool.

The Plan's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the Plan. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

**B. Fund Accounting**

The District uses funds and account groups to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

*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 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.



**HARRISON HILLS CITY SCHOOL DISTRICT  
HARRISON COUNTY, OHIO**

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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

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

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

*PROPRIETARY FUNDS*

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. The following is the District's proprietary fund type:

Enterprise Funds - The 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 costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

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

**HARRISON HILLS CITY SCHOOL DISTRICT  
HARRISON COUNTY, OHIO**

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*FIDUCIARY FUNDS*

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include a nonexpendable trust fund, an expendable trust fund and an agency fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency fund is presented on a budget basis, with note disclosure, regarding items which, in other fund types, would be subject to accrual. See Note 3 for agency fund accruals which, in another fund type, would be recognized in the combined balance sheet.

*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 the proprietary funds.

General Long-Term Obligations Account Group - This group of accounts is established to account for all long-term obligations of the District, other than those accounted for in the proprietary funds.

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and the expendable trust fund are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

**HARRISON HILLS CITY SCHOOL DISTRICT  
HARRISON COUNTY, OHIO**

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

All proprietary funds and the nonexpendable trust fund are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

The modified accrual basis of accounting is followed for governmental funds and the expendable trust fund. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is sixty days after the June 30 year end. Revenues accrued at the end of the year include taxes, (to the extent they are intended to finance the current fiscal year), interest, and accounts (student fees and tuition). Property taxes measurable as of June 30, 2000 and delinquent property taxes, whose availability is indeterminate and are intended to finance fiscal 2001 operations, have been recorded as deferred revenues, except for that portion which is available from the County Auditor as advances at June 30. This amount is recognized as revenue.

The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the recognition of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Expenditures (decreases in net financial resources) are recognized in the period in which the fund liability is incurred with the following exception: general long-term obligation principal and interest are reported only when due; and costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

**HARRISON HILLS CITY SCHOOL DISTRICT  
HARRISON COUNTY, OHIO**

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds and the nonexpendable trust fund. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue on the combined balance sheet.

**D. Budgets**

The District is required by state statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2000 is as follows:

1. Prior to January 15 of the preceding year, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the board-adopted budget is filed with the Harrison County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2000.

**HARRISON HILLS CITY SCHOOL DISTRICT  
HARRISON COUNTY, OHIO**

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

4. By July 1, the 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.
5. 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.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All departments/functions and funds completed the year within the amount of their legally authorized cash basis appropriation.
7. 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; however, none of these amendments were significant.
8. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund, function and/or object level.

Encumbrance accounting is utilized with District funds in the normal course of operations, for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For governmental fund types, encumbrances outstanding at year end appear as a reserve to the fund balance on a GAAP basis and as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance. Note 18 provides a reconciliation of the budgetary and GAAP basis of accounting for governmental fund types and Note 15 provides disclosure of the encumbrances outstanding for proprietary fund types at fiscal year end.

**HARRISON HILLS CITY SCHOOL DISTRICT  
HARRISON COUNTY, OHIO**

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**E. Cash and Investments**

To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet.

During fiscal year 2000, investments were limited to STAR Ohio and a repurchase agreement. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2000.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during fiscal 2000 amounted to \$266,801 which includes \$85,427 assigned from other District funds and interest revenue credited to the Food Service enterprise fund during fiscal 2000 amounted to \$1,289 which includes \$167 assigned from other District funds.

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

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

**HARRISON HILLS CITY SCHOOL DISTRICT  
HARRISON COUNTY, OHIO**

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**F. Fixed Assets and Depreciation**

1. General Fixed Assets Account Group

General fixed assets are capitalized at cost or estimated historical cost. 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 except for textbooks and library books. This is based primarily on the uniqueness of these items to school operations. No depreciation is recognized for assets in the general fixed assets account group. The District has not included infrastructure in the general fixed assets account group.

2. Proprietary Funds

Equipment reflected in these 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:

<u>Asset</u>	<u>Life (years)</u>
Furniture, fixtures and equipment	5 - 20

**HARRISON HILLS CITY SCHOOL DISTRICT  
HARRISON COUNTY, OHIO**

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**G. Intergovernmental Revenues**

In governmental funds, entitlements and non-reimbursable grants (to the extent such grants and entitlements relate to the current fiscal year) 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. Other than commodities, grants for proprietary fund operations are recognized as non-operating revenue when measurable and earned. The District currently participates in various state and federal programs categorized as follows:

Entitlements

General Fund

State Foundation Program  
School Bus Purchase Reimbursement

Non-Reimbursable Grants

Special Revenue Funds

Title VI  
Education Management Information Systems (EMIS)  
Title I  
Title VI-B  
Drug-Free Grant  
Disadvantaged Pupil Impact Aid  
Performance Incentive Grant  
Preschool  
Eisenhower Grant  
Professional Development  
Data Communications  
SchoolNet Professional Training  
Ohio Reads  
Safe Schools Helpline  
Technology Preparation  
School Reading Improvement  
Title VI-R



**HARRISON HILLS CITY SCHOOL DISTRICT  
HARRISON COUNTY, OHIO**

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*Non-Reimbursable Grants - (cont'd)*

Capital Projects

SchoolNet  
SchoolNet Plus  
Emergency Building Repairs  
Permanent Improvement  
Power Up

*Reimbursable Grants*

General Fund

Driver Education Reimbursement

Special Revenue Funds

Vocational Education Travel/Salary  
E-Rate

Enterprise Fund

National School Lunch Program  
National School Breakfast Program  
National School Milk Program  
Government Donated Commodities

Grants and entitlements amounted to approximately 54% of the District's operating revenue during the 2000 fiscal year.

**H. Compensated Absences**

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

**HARRISON HILLS CITY SCHOOL DISTRICT  
HARRISON COUNTY, OHIO**

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future.

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

Accumulated vacation and severance of governmental fund type employees meeting the above requirements have been recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the general long-term obligations account group. Vacation and sick leave for employees meeting the above requirements who are paid from proprietary funds is recorded as an expense when earned.

**I. Accrued Liabilities and Long-Term Obligations**

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgements, compensated absences, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. In general, payments made more than sixty days after year-end are considered not to have been paid with current available financial resources. Bonds, capital leases, and long-term loans are reported as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

**HARRISON HILLS CITY SCHOOL DISTRICT  
HARRISON COUNTY, OHIO**

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Under Ohio law, a debt service fund must be created and used for the payment of tax and revenue anticipation notes. GAAP requires the reporting of the liability in the funds that received the proceeds. To comply with GAAP reporting requirements, the District's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

**J. Fund Balance Reserves**

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, prepayments, inventories of materials and supplies, tax advance unavailable for appropriation, principal endowment, budget stabilization, textbooks, and capital acquisition. The reserve for property tax advance unavailable for appropriation represents taxes recognized as revenue under GAAP but not available for appropriations under State statute.

**K. Interfund Transactions**

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

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not show transfers of resources as operating transfers. The District made no operating transfers during fiscal year 2000.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund. Quasi-external transactions are accounted for as revenues, expenditures or expenses.
3. Short-term interfund loans and accrued interfund reimbursements and accrued operating transfers are reflected as "interfund loans receivable or payable". The District had short-term interfund loans receivable and payable at June 30, 2000.

**HARRISON HILLS CITY SCHOOL DISTRICT  
HARRISON COUNTY, OHIO**

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

4. Long-term interfund loans that will not be repaid within the next year are termed "advances" and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources. The District had no long-term advances receivable or payable at June 30, 2000.

An analysis of interfund transactions is presented in Note 5.

**L. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve, textbook reserve and capital maintenance reserve. These reserves are required by State statute. The Board may, with a 2/3 vote of its members, appropriate from this budget reserve if it experiences a deficit unreserved fund balance caused by specific conditions which are defined by state statute and files an acceptable schedule to replenish the set-aside balance with the State Superintendent of Public Instruction. A schedule of statutory reserves is presented in Note 20.

**M. Estimates**

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

**N. Inventory**

Inventories for all governmental funds are valued at cost (first-in/first-out method). The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, material amounts of inventories at period end are reported as assets of the respective fund, which are equally offset by a fund balance reserve which indicates they are unavailable for appropriation even though they are a component of reported assets.

Inventories of proprietary funds are valued at the lower of cost (first-in/first-out method) or market and expensed when used rather than when purchased.

**HARRISON HILLS CITY SCHOOL DISTRICT  
HARRISON COUNTY, OHIO**

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**N. Contributed Capital**

Contributed capital represents resources from other funds, other governments, and private sources provided to proprietary funds that is not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end.

Because the District did not prepare general purpose financial statements in accordance with GAAP prior to fiscal year 1992, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.

**N. Memorandum Only – Total Columns**

Total columns on the GPFS 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 GAAP. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**1. Deficit Fund Balances/Retained Earnings**

Fund balance/retained earnings at June 30, 2000 included the following individual fund deficits:

	<u>Deficit Balance</u>
<u>Special Revenue Funds</u>	
Disadvantaged Pupil Impact Aid	\$ 4,488
Title I	51,688
<u>Enterprise Fund</u>	
Food Service	93,340

**HARRISON HILLS CITY SCHOOL DISTRICT  
HARRISON COUNTY, OHIO**

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

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

These funds complied with Ohio state law, which does not permit a cash basis deficit at year end.

The deficit fund balances in the Disadvantaged Pupil Impact Aid and Title I special revenue funds are caused by the application of GAAP, namely in the reporting of a liability for accrued wages, benefit and retirement obligations attributable to the fiscal year. These deficit balances will be eliminated by anticipated future intergovernmental revenues or other subsidies not recognized and recorded at June 30.

The deficit retained earnings in the Food Service enterprise fund is caused by the application of GAAP, namely in the reporting of a liability for accrued wages, benefit and retirement obligations, and compensated absences attributable to the fiscal year. This deficit retained earnings will be eliminated by anticipated future intergovernmental revenues or other subsidies not recognized and recorded at June 30.

1. Agency Funds

The following are accruals for the agency fund, which, in another fund type, would be recognized in the combined balance sheet:

LIABILITIES

Accounts payable	\$444
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**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS**

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Cash Equivalents". Statutes require the classification of monies held by the District into three categories:

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

**HARRISON HILLS CITY SCHOOL DISTRICT  
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**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2000**

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

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

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

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the 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.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;

**HARRISON HILLS CITY SCHOOL DISTRICT  
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**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2000**

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

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

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

*Cash with fiscal agent:* The District is self-insured through a fiscal agent. The money held by the fiscal agent cannot be identified as an investment or deposit since it is held in a pool made up of numerous participants. The amount held by the fiscal agent at June 30, 2000 was \$1,166,938.

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



**HARRISON HILLS CITY SCHOOL DISTRICT  
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NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2000

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

*Deposits:* At year end, the carrying amount of the District's deposits was \$(291,708) and the bank balance was \$193,833. A liability was not recorded for the negative carrying amount of deposits because there was no actual overdraft, due to the "zero-balance" nature of the District's bank accounts. The negative carrying amount of deposits is due to the sweeping of monies into overnight repurchase agreements which are reported as "investments". Of the bank balance:

1. \$116,718 was covered by federal depository insurance; and
2. \$77,115 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

*Investments:* 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 insured or registered or securities held by the District. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty'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 counterparty or by its trust department, but not in the District's name. Investments in STAR Ohio are not categorized as they are not evidenced by securities that exist in physical or book entry form.

	Category 3	Reported Amount	Fair Value
Repurchase agreement	<u>\$459,749</u>	\$ 459,749	\$ 459,749
Investment in STAR Ohio		<u>4,966,212</u>	<u>4,966,212</u>
Total investments		<u>\$5,425,961</u>	<u>\$5,425,961</u>

The classification of cash and cash equivalents on the combined balance sheet is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting".

**HARRISON HILLS CITY SCHOOL DISTRICT  
HARRISON COUNTY, OHIO**

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

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

A reconciliation between the classifications of cash and cash equivalents on the combined balance sheet (per GASB Statement No. 9) and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$ 6,301,191	\$ 0
Investments of the cash management pool:		
Investment in STAR Ohio	(4,966,212)	4,966,212
Repurchase agreement	(459,749)	459,749
Cash with fiscal agent	<u>(1,166,938)</u>	---
GASB Statement No. 3	<u>\$ (291,708)</u>	<u>\$5,425,961</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

The District had the following short-term interfund loans receivable and payable at June 30, 2000:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$37,000	\$ ---
<u>Special Revenue Funds</u>		
District Managed Activities	---	<u>37,000</u>
Totals	<u>\$37,000</u>	<u>\$37,000</u>

**NOTE 6 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis. Distributions from the second half of the calendar year occur in a new fiscal year and are intended to finance the operations of that year. Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the District. Real property taxes and public utility taxes are levied after November 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised market value.

**HARRISON HILLS CITY SCHOOL DISTRICT  
HARRISON COUNTY, OHIO**

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

**NOTE 6 - PROPERTY TAXES - (Continued)**

Public utility property taxes are assessed on tangible personal property, as well as land and improvements. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value except for the personal property of rural electric companies which is assessed 50% of market and railroads which are assessed at 29%.

Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25% of true value. The assessed value upon which the 1999 taxes were collected was \$174,608,120. Agricultural/residential and public utility/minerals real estate represented \$109,219,090 or 62.56% of this total, commercial & industrial real estate represented \$20,772,660 or 11.90% of this total, public utility tangible represented \$27,411,520 or 15.69% of this total and general tangible property represented \$17,204,850 or 9.85% of this total. The voted general tax rate at the fiscal year ended June 30, 2000 was \$34.75 per \$1,000.00 of assessed valuation for operations and \$3.00 per \$1,000.00 of assessed valuation for permanent improvements.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The District receives property taxes from the following Counties: Harrison, Carroll, Tuscarawas, Belmont and Jefferson. The respective County Auditors periodically remit to the District their portion of the taxes collected with final settlement in March and September. Such collections are available to pay current period liabilities.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue. The amount available as an advance at June 30, 2000, was \$250,379 in the general fund and \$27,009 in the Permanent Improvement capital projects fund. These amounts have been recorded as revenue.

**HARRISON HILLS CITY SCHOOL DISTRICT  
HARRISON COUNTY, OHIO**

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

**NOTE 6 - PROPERTY TAXES - (Continued)**

Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2000, are reflected as a reservation of fund balance for tax advance unavailable for appropriation. The District is prohibited, by law, from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year end.

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2000, consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, interfund loans, and intergovernmental grants and entitlements (to the extent such grants and entitlements relate to the current fiscal year). Intergovernmental receivables have been reported as "due from other governments" on the combined balance sheet. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of Federal funds.

A summary of the principal items of receivables follows:

	<u>Amounts</u>
<u>General</u>	
Taxes - current and delinquent	\$4,539,921
Accounts	34,484
Accrued interest	27,042
Due from other governments	6,321
Interfund loan	37,000
<u>Capital Projects Funds</u>	
Taxes - current and delinquent	217,286
<u>Enterprise Funds</u>	
Due from other governments	44,406

**HARRISON HILLS CITY SCHOOL DISTRICT  
HARRISON COUNTY, OHIO**

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

**NOTE 8 - FIXED ASSETS**

A summary of the changes in the general fixed assets account group during the fiscal year follows:

	Balance <u>July 1, 1999</u>	<u>Increase</u>	<u>Decrease</u>	Balance <u>June 30, 2000</u>
Land/improvements	\$ 10,561	\$ ---	\$ ---	\$ 10,561
Buildings/improvements	7,851,343	---	---	7,851,343
Furniture/equipment	1,316,864	186,267	---	1,503,131
Vehicles	1,306,304	249,809	(24,071)	1,532,042
Text/library books	<u>629,253</u>	<u>75,916</u>	<u>---</u>	<u>705,169</u>
Total	<u>\$11,114,325</u>	<u>\$511,992</u>	<u>\$(24,071)</u>	<u>\$11,602,246</u>

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

Furniture and equipment	\$ 206,273
Less: accumulated depreciation	<u>(143,047)</u>
Net fixed assets	<u>\$ 63,226</u>

**NOTE 9 - CONTRIBUTED CAPITAL**

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

	<u>Food Service</u>
Contributed Capital, July 1, 1999	\$119,836
Current contributions	<u>23,184</u>
Contributed Capital, June 30, 2000	<u>\$143,020</u>

**HARRISON HILLS CITY SCHOOL DISTRICT  
HARRISON COUNTY, OHIO**

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

**NOTE 10 - CAPITAL LEASES**

In the current year, the District entered into a capitalized lease for copier equipment. This lease meets the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the combined general purpose financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

General fixed assets consisting of equipment has been capitalized in the general fixed assets account group in the amount of \$24,587. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 2000 totaled \$856 in the general fund.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2000.

Fiscal Year Ending <u>June 30,</u>	<u>Amount</u>
2001	\$ 5,975
2002	5,975
2003	5,975
2004	5,975
2005	<u>4,481</u>
Total	28,381
Less: amount representing interest	<u>(4,650)</u>
Present value of minimum lease payments	<u>\$23,731</u>

**HARRISON HILLS CITY SCHOOL DISTRICT  
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NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2000

**NOTE 11 - LONG-TERM OBLIGATIONS**

A. During the year ended June 30, 2000, the following changes occurred in the liabilities reported in the general long-term obligations account group. Compensated absences are reported net of actual increases and decreases due to the practicality of determining these values. Compensated absences and the pension obligation will be paid from the fund in which the employee was paid.

	<u>Balance</u> <u>July 1, 1999</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2000</u>
Compensated absences	\$ 964,681	\$ 49,860	\$ - - -	\$1,014,541
Pension obligation payable	84,517	94,820	(84,517)	94,820
Capital lease obligation	<u>0</u>	<u>24,587</u>	<u>(856)</u>	<u>23,731</u>
Total	<u>\$1,049,198</u>	<u>\$169,267</u>	<u>\$(85,373)</u>	<u>\$1,133,092</u>

**B. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The effects of these debt limitations at June 30, 2000 are a voted debt margin of \$15,714,731 and an unvoted debt margin of \$174,608.

**HARRISON HILLS CITY SCHOOL DISTRICT  
HARRISON COUNTY, OHIO**

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

**NOTE 12 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees, office staff, administrative staff, and certified employees have the following sick leave and severance policies:

<u>Employee Status</u>	<u>Maximum Allowable Sick Leave Balance (Days)</u>	<u>Paid at 1/4 of Unused Sick Leave Balance</u>	<u>Paid at 1/8 of Unused Sick Leave Balance</u>	<u>Total Allowable Maximum Severance (Days)</u>
Classified	260	First 130 Days	Any Balance Over 130 Days	48
Office Staff	280	First 140 Days	Any Balance Over 141 Days	53
Administrative	272	First 140 Days	Any Balance Over 141 Days	51
Certified	272	First 140 Days	Any Balance Over 141 Days	51

**2. Life Insurance**

The District provides life insurance and accidental death and dismemberment insurance to most employees through Medical Life Insurance Company.

**NOTE 13 - NOTE ACTIVITY**

The following represents the note activity for the fiscal year ended June 30, 2000:

	<u>Balance July 1, 1999</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2000</u>
<u>General Fund</u>				
Energy Conservation Note - 6.44%	<u>\$25,482</u>	<u>\$ - - -</u>	<u>\$(9,498)</u>	<u>\$15,984</u>



**HARRISON HILLS CITY SCHOOL DISTRICT  
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**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2000**

**NOTE 13 - NOTE ACTIVITY - (Continued)**

The energy conservation note is intended to be repaid from the savings derived from utility bills upon completion of the energy savings measures. Payments of principal and interest relating to this liability are recorded as expenditures in the general fund. The unmatured obligation at year end is accounted for in the general fund, the fund which received the proceeds.

Principal and interest requirements to retire the energy conservation loan outstanding at June 30, 2000 is as follows:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Principal</u> <u>on Note</u>	<u>Interest</u> <u>on Note</u>	<u>Total</u>
2001	\$10,185	\$703	\$10,888
2002	<u>5,799</u>	<u>101</u>	<u>5,900</u>
Totals	<u>\$15,984</u>	<u>\$804</u>	<u>\$16,788</u>

**NOTE 14 - RISK MANAGEMENT**

1. Comprehensive

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has contracted with Utica Insurance for property and inland marine coverage. Nationwide Insurance provides the district with professional liability coverage and fleet insurance. Coverage provided by Utica Insurance are as follows:

Building and Contents-replacement cost (\$1000 deductible)	\$38,781,076
Inland Marine Coverage (\$100 deductible)	120,000
Boiler and Machinery (\$1,000 deductible)	38,781,076
Crime Insurance	2,000
Musical Instruments	50,000

Coverages provided by Nationwide Insurance are as follows:

General Liability	
Per occurrence	\$1,000,000
Total per year	3,000,000
Automobile Liability (\$250 deductible)	1,000,000
Uninsured Motorists (\$0 deductible)	1,000,000

**HARRISON HILLS CITY SCHOOL DISTRICT  
HARRISON COUNTY, OHIO**

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

**NOTE 14 - RISK MANAGEMENT - (Continued)**

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

**2. Worker's Compensation**

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (See Note 2.A). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP.

The workers' compensation experience of the participating 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 Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**3. Employee Group Medical, Dental, Vision and Life Insurance**

Medical/surgical, dental, vision and life insurance is offered to employees through a self-insurance internal service fund. The District is a member of a claims servicing pool, consisting of 49 school districts within the OME-RESA consortium, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the District's behalf.

The claims liability of \$318,691 reported in the internal service fund at June 30, 2000, is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling the claims.

Changes in claims activity for the past two fiscal years are as follows:

**HARRISON HILLS CITY SCHOOL DISTRICT  
HARRISON COUNTY, OHIO**

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

**NOTE 14 - RISK MANAGEMENT - (Continued)**

<u>Fiscal Year</u>	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Balance at End of Year</u>
2000	\$178,019	\$1,374,253	\$(1,233,581)	\$318,691
1999	\$339,203	\$1,237,953	\$(1,399,137)	\$178,019

**NOTE 15 - SEGMENT INFORMATION - ENTERPRISE FUNDS**

The District maintains three enterprise funds to account for the operations of food service, uniform school supplies and adult education. The table below reflects, in a summarized format, the more significant financial data relating to the enterprise funds of the District as of and for the year ended June 30, 2000.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Adult Education</u>	<u>Total</u>
Operating revenue	\$306,338	\$20,722	\$ ---	\$327,060
Operating expenses less depreciation	697,631	17,578	---	715,209
Depreciation	5,909	---	---	5,909
Operating income (loss)	(397,202)	3,144	---	(394,058)
Donated commodities	44,831	---	---	44,831
Operating grants	328,871	---	---	328,871
Net income (loss)	(17,744)	3,144	---	(14,600)
Contributed capital	143,020	---	---	143,020
Net working capital	11,642	45,066	2,971	59,679
Total assets	143,767	45,066	2,971	191,804
Total liabilities	94,087	---	---	94,087
Total equity	49,680	45,066	2,971	97,717
Encumbrances outstanding at June 30	2,582	18,067	---	20,649

**HARRISON HILLS CITY SCHOOL DISTRICT  
HARRISON COUNTY, OHIO**

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

**NOTE 16 - 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 defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634, or by calling (614) 222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute 14 percent for 2000; 5.55 percent was the portion to fund pension obligations. The contribution rates are not determined actuarially, but are established by the School Employees Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contributions to SERS for the fiscal years ended June 30, 2000, 1999 and 1998 were \$185,484, \$186,336, and \$186,414, respectively; 50 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$91,823, representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

**2. 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 retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

**HARRISON HILLS CITY SCHOOL DISTRICT  
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**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2000**

**NOTE 16 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$802,752, \$777,636, and \$765,348, respectively; 84 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$129,968, representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds.

**NOTE 17 - POSTEMPLOYMENT BENEFITS**

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations 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. For this fiscal year, the Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$461,903 during fiscal 2000.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$2.783 billion at June 30, 1999 (the latest information available). For the year ended June 30, 1999 (the latest information available), net health care costs paid by STRS were \$249.929 million and STRS had 95,796 eligible benefit recipients.

**HARRISON HILLS CITY SCHOOL DISTRICT  
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**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2000**

**NOTE 17 - POSTEMPLOYMENT BENEFITS - (Continued)**

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

For this fiscal year, employer contributions to fund health care benefits were 8.45 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 1999 (the latest information available), were \$126.4 million and the target level was \$189.6 million. At June 30, 1999 (the latest information available), SERS had net assets available for payment of health care benefits of \$188.0 million and SERS had approximately 51,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$160,634 during the 2000 fiscal year.

**NOTE 18 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance is done on a GAAP basis, the budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

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

**HARRISON HILLS CITY SCHOOL DISTRICT  
HARRISON COUNTY, OHIO**

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

**NOTE 18 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

(c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for governmental funds (GAAP basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the governmental funds are as follows:

**Excess of Revenues and Other Financing  
Sources Over (Under) Expenditures and Other  
Financing Uses**

	Governmental Fund Types			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Project</u>
Budget basis	\$ 98,133	\$(230,726)	\$ 0	\$(555,319)
Net adjustment for revenue accruals	34,102	9,172	(10,881)	2,924
Net adjustment for expenditure accruals	(36,119)	54,298	10,881	(594,290)
Net adjustment for other financing sources (uses)	(495)	(53,433)	---	62,082
Encumbrances (Budget basis)	<u>399,944</u>	<u>163,059</u>	<u>---</u>	<u>547,680</u>
GAAP basis	<u>\$495,565</u>	<u>\$(57,630)</u>	<u>\$ 0</u>	<u>\$(536,923)</u>

**HARRISON HILLS CITY SCHOOL DISTRICT  
HARRISON COUNTY, OHIO**

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

**NOTE 19 - CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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, 2000.

**B. Litigation**

The District is party to legal proceedings. The District is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial condition of the District.

**C. State School Funding Decision**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the Ohio General Assembly to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this District. During the fiscal year ended June 30, 2000, the District received \$5,646,178 of school foundation support for its general fund.



**HARRISON HILLS CITY SCHOOL DISTRICT  
HARRISON COUNTY, OHIO**

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

**NOTE 19 - CONTINGENCIES - (Continued)**

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

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

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

**HARRISON HILLS CITY SCHOOL DISTRICT  
HARRISON COUNTY, OHIO**

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

**NOTE 20 - STATUTORY RESERVES**

The District is required by State law to set-aside certain general fund revenue amounts, as defined by Statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2000, the reserve activity was as follows:

<u>Textbooks</u>	<u>Acquisition</u>	<u>Stabilization</u>	<u>Capital</u>	<u>Budget</u>
Set-aside cash balance as of June 30, 1999	\$156,217		\$156,217	\$146,420
Current year set-aside requirement	235,209		235,209	---
Current year set-aside for workers compensation refund	---		---	1,393
Current year offsets	---		---	---
Qualifying disbursements	<u>(52,456)</u>		<u>---</u>	<u>---</u>
<b>Total</b>	<b><u>\$338,970</u></b>		<b><u>\$391,426</u></b>	<b><u>\$147,813</u></b>
Cash balance carried forward to FY 2001	<u>\$338,970</u>		<u>\$391,426</u>	<u>\$147,813</u>

A schedule of the restricted assets at June 30, 2000 follows:

Amount restricted for budget stabilization	\$147,813
Amount restricted for textbooks	338,970
Amount restricted for capital acquisition	<u>391,426</u>
<b>Total restricted assets</b>	<b><u>\$878,209</u></b>

## **HARRISON HILLS CITY SCHOOL DISTRICT**

### **Schedule of Prior Audit Findings**

**For the Year Ended June 30, 2000**

The prior audit disclosed no instances of noncompliance that were required to be reported in accordance with *Government Auditing Standards* or noncompliance with requirements of major federal programs. In addition, no reportable conditions or material weaknesses with respect to internal controls over financial reporting or internal controls over compliance were reported in the prior year.

**HARRISON HILLS CITY SCHOOL DISTRICT**

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2000

<u>Federal Grantor/Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Non-cash Receipts</u>	<u>Expenditures</u>	<u>Non-cash Expenditures</u>
<b>U.S. Department of Agriculture:</b>						
(Passed through Ohio Department of Education)						
Nutrition Cluster:						
Food Distribution Program	n/a	10.550	\$ -	44,248	-	44,831
School Breakfast Program	05PU-00	10.553	81,578	-	81,578	-
National School Lunch Program	04PU-00	10.555	231,719	-	231,719	-
Total U.S. Department of Agriculture			<u>313,297</u>	<u>44,248</u>	<u>313,297</u>	<u>44,831</u>
<b>U.S. Department of Health and Human Services:</b>						
(Passed through Ohio Department of Jobs and Family Services)						
Medical Assistance Payments Title XIX						
(Community Alternative Funding System)	N/A	93.778	58,484	-	59,669	-
Total U.S. Department of Health and Human Services			<u>58,484</u>	<u>-</u>	<u>59,669</u>	<u>-</u>
<b>U.S. Department of Education:</b>						
(Passed through Ohio Department of Education)						
Special Education Cluster:						
Special Education Grants to States						
IDEA Part B	6BSF-00	84.027	192,365	-	172,390	-
Preschool Grants	PGS1-00	84.173	17,343	-	16,209	-
			<u>209,708</u>	<u>-</u>	<u>188,599</u>	<u>-</u>
Grants to Local Education Agencies (ESEA Title I)	C1S1-00	84.010	498,100	-	627,548	-
GOALS 2000	G2S1-99	84.276	37,898	-	34,912	-
Eisenhower Professional Development Grant	MSS1-00	84.281	14,101	-	28,889	-
Innovative Education Program Strategy - Title VI	C2S1-00	84.298	12,382	-	14,300	-
Class Size Reduction	CRS1-00	84.340	76,136	-	76,136	-
Safe and Drug Free Schools	DRS1-00	84.186	9,659	-	10,382	-
Total U.S. Department of Education			<u>857,984</u>	<u>-</u>	<u>980,766</u>	<u>-</u>
Total Federal Awards			\$ <u>1,229,765</u>	<u>44,248</u>	<u>1,353,732</u>	<u>44,831</u>

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2000, 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.



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

To the Board of Education  
Harrison Hills City School District:

We have audited the financial statements of the Harrison Hills City School District as of and for the year ended June 30, 2000, and have issued our report thereon dated December 13, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

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

**Internal Control Over Financial Reporting**

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

This report is intended for the information of management, the 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 those specified parties.

*Clark, Schaefer, Hackett & Co.*

Cincinnati, Ohio  
December 13, 2000

**Clark, Schaefer, Hackett & Co.**  
CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS CONSULTANTS

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

To the Board of Education  
Harrison Hills City School District:

Compliance

We have audited the compliance Harrison Hills City School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2000. Harrison Hills City School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Harrison Hills City School District's compliance with those requirements 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 School District's compliance with those requirements.

In our opinion, Harrison Hills City School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2000.

Internal Control Over Compliance

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

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 of 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 of management, the 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.

*Clark, Schaefer, Hackett & Co.*

Cincinnati, Ohio  
December 13, 2000



**HARRISON HILLS CITY SCHOOL DISTRICT**  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2000

**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of report issued on financial statements:	unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	none
Reportable condition(s) identified not considered to be material weaknesses?	none
Noncompliance material to financial statements noted?	none

**Federal Awards**

Internal Control over major programs:	
Material weakness(es) identified?	none
Reportable condition(s) identified not considered to be material weaknesses?	none
Type of auditors' report issued on compliance for major programs:	unqualified
Any audit findings that are required to be reported in accordance with Circular A-133, Section .510(a)?	no
Identification of major programs:	
Nutrition Cluster:	
CFDA 10.550 Food Distribution Program	
CFDA 10.553 School Breakfast Program	
CFDA 10.555 National School Lunch Program	
Dollar threshold to distinguish between Type A and Type B Programs:	\$300,000
Auditee qualified as low-risk auditee?	yes

**Section II - Financial Statement Findings**

None.

**Section III - Federal Award Findings and Questioned Costs**

None.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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Facsimile 614-466-4490

**HARRISON HILLS CITY SCHOOL DISTRICT**

**HARRISON 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  
FEBRUARY 20, 2001**