



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

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**STATE OF OHIO**



MADEIRA CITY SCHOOL DISTRICT  
HAMILTON COUNTY

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## INDEPENDENT ACCOUNTANTS' REPORT

Madeira City School District  
Hamilton County  
7465 Loannes Drive  
Madeira, Ohio 45243

To the Board of Education:

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

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Madeira City School District, Hamilton County, Ohio, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2001, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report 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 the District, taken as a whole. The accompanying schedule of federal awards receipts and expenditures is presented for purposes of additional analysis as required by the U.S. Office of Management & 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.

**Jim Petro**  
Auditor of State

January 25, 2001

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Madeira City School District  
 Combined Balance Sheet  
 All Fund Types and Account Groups  
 June 30, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits:				
Equity in Pooled Cash and Investments	\$2,109,634	\$355,930	\$520,262	\$480,855
Restricted Equity in Pooled Cash and Investments	150,811	0	0	0
Receivables:				
Taxes	6,664,681	0	510,007	0
Intergovernmental	1,200	0	0	0
Accounts	8,442	0	0	0
Interfund Receivable	0	13,990	0	0
Inventory	0	0	0	0
Fixed Assets ( Net, where applicable, of Accumulated Depreciation)	0	0	0	0
Other Debits:				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided for Retirement of General Long-Term Obligations	0	0	0	0
<b>Total Assets &amp; Other Debits</b>	<b>\$8,934,768</b>	<b>\$369,920</b>	<b>\$1,030,269</b>	<b>\$480,855</b>
Liabilities, Fund Equity & Other Credits:				
Liabilities:				
Accounts Payable	\$4,860	\$4	\$0	\$0
Accrued Wages & Benefits	1,276,492	57,348	0	0
Compensated Absences Payable	44,018	0	0	0
Interfund Payable	13,990	0	0	0
Deferred Revenue	4,845,681	0	347,307	0
Due to Students	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Notes Payable	0	0	0	0
<b>Total Liabilities</b>	<b>6,185,041</b>	<b>57,352</b>	<b>347,307</b>	<b>0</b>
Fund Equity & Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	0	35,442	0	63,412
Reserved for Property Tax Advances	1,819,000	0	162,700	0
Reserved for Set-Asides	150,811	0	0	0
Unreserved & Undesignated	779,916	277,126	520,262	417,443
<b>Total Fund Equity (Deficit) &amp; Other Credits</b>	<b>2,749,727</b>	<b>312,568</b>	<b>682,962</b>	<b>480,855</b>
<b>Total Liabilities, Fund Equity &amp; Other Credits</b>	<b>\$8,934,768</b>	<b>\$369,920</b>	<b>\$1,030,269</b>	<b>\$480,855</b>

See accompanying notes.



Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$253,029	\$9,604	\$45,920	\$0	\$0	\$3,775,234
0	0	0	0	0	150,811
0	0	0	0	0	7,174,688
0	0	0	0	0	1,200
0	0	0	0	0	8,442
0	0	0	0	0	13,990
2,963	0	0	0	0	2,963
4,325	0	0	10,377,164	0	10,381,489
0	0	0	0	682,962	682,962
0	0	0	0	5,191,948	5,191,948
<u>\$260,317</u>	<u>\$9,604</u>	<u>\$45,920</u>	<u>\$10,377,164</u>	<u>\$5,874,910</u>	<u>\$27,383,727</u>
\$2,824	\$380	\$4,398	\$0	\$0	\$12,466
42,666	0	0	0	50,486	1,426,992
2,388	0	0	0	151,424	197,830
0	0	0	0	0	13,990
2,352	0	0	0	0	5,195,340
0	0	30,416	0	0	30,416
0	0	0	0	5,550,000	5,550,000
0	0	0	0	123,000	123,000
<u>50,230</u>	<u>380</u>	<u>34,814</u>	<u>0</u>	<u>5,874,910</u>	<u>12,550,034</u>
0	0	0	10,377,164	0	10,377,164
210,087	9,224	0	0	0	219,311
0	0	0	0	0	98,854
0	0	0	0	0	1,981,700
0	0	0	0	0	150,811
0	0	11,106	0	0	2,005,853
<u>210,087</u>	<u>9,224</u>	<u>11,106</u>	<u>10,377,164</u>	<u>0</u>	<u>14,833,693</u>
<u>\$260,317</u>	<u>\$9,604</u>	<u>\$45,920</u>	<u>\$10,377,164</u>	<u>\$5,874,910</u>	<u>\$27,383,727</u>

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Madeira City School District  
 Combined Statement of Revenues, Expenditures  
 And Changes in Fund Balance  
 All Governmental Fund Types and Expendable Trust Funds  
 For the Year Ended June 30, 2000

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
Taxes	\$5,743,213	\$0	\$492,707	\$0	\$0	\$6,235,920
Intergovernmental	3,181,024	740,925	66,104	0	0	3,988,053
Investment	207,163	4,515	14,525	27,061	0	253,264
Tuition & Fees	14,887	0	0	0	0	14,887
Extracurricular Activities	0	273,212	0	0	0	273,212
Miscellaneous	49,699	18,864	0	0	2,597	71,160
Total Revenues	<u>9,195,986</u>	<u>1,037,516</u>	<u>573,336</u>	<u>27,061</u>	<u>2,597</u>	<u>10,836,496</u>
Expenditures:						
Current:						
Instruction:						
Regular	5,185,272	303,494	0	248	0	5,489,014
Special	701,957	139,989	0	0	363	842,309
Vocational	0	2,319	0	0	0	2,319
Other	39,722	0	0	0	0	39,722
Support Services:						
Pupils	634,203	88,489	0	0	6,032	728,724
Instructional Staff	370,934	67,752	0	0	945	439,631
Board of Education	16,444	0	0	0	0	16,444
Administration	754,700	0	0	0	0	754,700
Fiscal	191,914	175	6,583	0	0	198,672
Business	46,145	0	0	0	0	46,145
Operation & Maintenance of Plant	833,478	0	0	0	0	833,478
Pupil Transportation	513,709	0	0	0	0	513,709
Central	53,799	5,000	0	0	0	58,799
Operation of Non-Instructional Services	2,050	208,637	0	0	341	211,028
Extracurricular Activities	212,267	223,646	0	0	0	435,913
Capital Outlay	0	0	0	616,089	0	616,089
Debt Service:						
Principal Retirement	0	0	195,800	0	0	195,800
Interest & Fiscal Charges	0	0	333,697	0	0	333,697
Total Expenditures	<u>9,556,594</u>	<u>1,039,501</u>	<u>536,080</u>	<u>616,337</u>	<u>7,681</u>	<u>11,756,193</u>
Excess of Revenues Over (Under) Expenditures	<u>(360,608)</u>	<u>(1,985)</u>	<u>37,256</u>	<u>(589,276)</u>	<u>(5,084)</u>	<u>(919,697)</u>
Other Financing Sources (Uses):						
Operating Transfers In	0	0	81,600	50,000	0	131,600
Operating Transfers Out	(142,100)	0	0	0	0	(142,100)
Total Other Financing Sources (Uses)	<u>(142,100)</u>	<u>0</u>	<u>81,600</u>	<u>50,000</u>	<u>0</u>	<u>(10,500)</u>
Excess of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	<u>(502,708)</u>	<u>(1,985)</u>	<u>118,856</u>	<u>(539,276)</u>	<u>(5,084)</u>	<u>(930,197)</u>
Fund Balance, Beginning of Year	<u>3,252,435</u>	<u>314,553</u>	<u>564,106</u>	<u>1,020,131</u>	<u>16,190</u>	<u>5,167,415</u>
Fund Balance, End of Year	<u>\$2,749,727</u>	<u>\$312,568</u>	<u>\$682,962</u>	<u>\$480,855</u>	<u>\$11,106</u>	<u>\$4,237,218</u>

See accompanying notes.

Madeira City School District  
 Combined Statement of Revenues, Expenditures  
 And Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 All Governmental Fund Types  
 For the Year Ended June 30, 2000

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Taxes	\$5,963,388	\$6,002,213	\$38,825	\$0	\$0	\$0
Intergovernmental	3,172,252	3,185,774	13,522	706,312	740,925	34,613
Investment	208,120	196,975	(11,145)	3,552	4,515	963
Tuition & Fees	44,500	14,887	(29,613)	0	0	0
Extracurricular Activities	0	0	0	234,508	273,212	38,704
Miscellaneous	58,090	41,782	(16,308)	49,400	18,864	(30,536)
Total Revenues	9,446,350	9,441,631	(4,719)	993,772	1,037,516	43,744
Expenditures:						
Current:						
Instruction:						
Regular	5,140,484	5,140,369	115	377,156	303,494	73,662
Special	715,978	715,471	507	141,495	136,807	4,688
Vocational	0	0	0	10,818	2,412	8,406
Other	59,452	39,722	19,730	0	0	0
Support Services:						
Pupils	625,027	648,284	(23,257)	130,234	86,992	43,242
Instructional Staff	345,560	344,885	675	150,292	67,882	82,410
Board of Education	17,846	16,444	1,402	0	0	0
Administration	794,803	808,022	(13,219)	0	0	0
Fiscal	214,789	214,292	497	175	175	0
Business	44,888	47,259	(2,371)	0	0	0
Operation & Maintenance of Plant	927,447	832,858	94,589	0	0	0
Pupil Transportation	513,871	512,507	1,364	0	0	0
Central	112,066	53,599	58,467	5,000	5,000	0
Operation of Non-Instructional Services	2,000	2,050	(50)	286,753	210,773	75,980
Extracurricular Activities	229,234	229,234	0	0	0	0
Capital Outlay	0	0	0	287,246	229,321	57,925
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest & Fiscal Charges	0	0	0	0	0	0
Total Expenditures	9,743,445	9,604,996	138,449	1,389,169	1,042,856	346,313
Excess (Deficiency) of Revenues Over Under Expenditures	(297,095)	(163,365)	133,730	(395,397)	(5,340)	390,057
Other Financing Sources (Uses):						
Operating Transfers In	0	0	0	10,000	0	(10,000)
Operating Transfers Out	(146,600)	(142,100)	4,500	0	0	0
Total Other Financing Sources (Uses)	(146,600)	(142,100)	4,500	10,000	0	(10,000)
Excess of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	(443,695)	(305,465)	138,230	(385,397)	(5,340)	380,057
Fund Balance, Beginning of Year (Includes Prior Year Encumbrances Appropriated)	2,565,910	2,565,910	0	361,270	361,270	0
Fund Balance, End of Year	\$2,122,215	\$2,260,445	\$138,230	(\$24,127)	\$355,930	\$380,057

See accompanying notes.

Debt Service			Capital Projects			Totals (Memorandum Only)		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$509,775	\$510,007	\$232	\$0	\$0	\$0	\$6,473,163	\$6,512,220	\$39,057
66,500	66,104	(396)	0	0	0	3,945,064	3,992,803	47,739
14,200	14,525	325	30,703	32,410	1,707	256,575	248,425	(8,150)
0	0	0	0	0	0	44,500	14,887	(29,613)
0	0	0	0	0	0	234,508	273,212	38,704
0	0	0	0	0	0	107,490	60,646	(46,844)
590,475	590,636	161	30,703	32,410	1,707	11,061,300	11,102,193	40,893
0	0	0	244	248	(4)	5,517,884	5,444,111	73,773
0	0	0	0	0	0	857,473	852,278	5,195
0	0	0	0	0	0	10,818	2,412	8,406
0	0	0	0	0	0	59,452	39,722	19,730
0	0	0	0	0	0	755,261	735,276	19,985
0	0	0	0	0	0	495,852	412,767	83,085
0	0	0	0	0	0	17,846	16,444	1,402
0	0	0	0	0	0	794,803	808,022	(13,219)
6,735	6,583	152	0	0	0	221,699	221,050	649
0	0	0	0	0	0	44,888	47,259	(2,371)
0	0	0	0	0	0	927,447	832,858	94,589
0	0	0	0	0	0	513,871	512,507	1,364
0	0	0	0	0	0	117,066	58,599	58,467
0	0	0	0	0	0	288,753	212,823	75,930
0	0	0	0	0	0	229,234	229,234	0
0	0	0	1,096,541	679,501	417,040	1,383,787	908,822	474,965
195,800	195,800	0	0	0	0	195,800	195,800	0
341,425	333,697	7,728	0	0	0	341,425	333,697	7,728
543,960	536,080	7,880	1,096,785	679,749	417,036	12,773,359	11,863,681	909,678
46,515	54,556	8,041	(1,066,082)	(647,339)	418,743	(1,712,059)	(761,488)	950,571
81,600	81,600	0	50,000	50,000	0	141,600	131,600	(10,000)
0	0	0	0	0	0	(146,600)	(142,100)	4,500
81,600	81,600	0	50,000	50,000	0	(5,000)	(10,500)	(5,500)
128,115	136,156	8,041	(1,016,082)	(597,339)	418,743	(1,717,059)	(771,988)	945,071
384,106	384,106	0	1,014,782	1,014,782	0	4,326,068	4,326,068	0
\$512,221	\$520,262	\$8,041	(\$1,300)	\$417,443	\$418,743	\$2,609,009	\$3,554,080	\$945,071

Madeira City School District  
 Combined Statement of Revenues, Expenses  
 And Changes in Retained Earnings  
 All Proprietary Fund Types  
 For the Year Ended June 30, 2000

	Proprietary Fund Types		Totals (Memorandum Only)
	Enterprise	Internal Service	
Operating Revenues:			
Charges for Services	\$250,377	\$44,904	\$295,281
Tuition & Fees	66,086	0	66,086
Total Operating Revenues	316,463	44,904	361,367
Operating Expenses:			
Salaries	271,864	0	271,864
Fringe Benefits	75,921	0	75,921
Purchased Services	240,632	16,457	257,089
Materials & Supplies	127,216	7,405	134,621
Depreciation	2,880	0	2,880
Other Operating Expenses	656	19,740	20,396
Total Operating Expenses	719,169	43,602	762,771
Operating Income (Loss)	(402,706)	1,302	(401,404)
Non-Operating Revenues (Expenses):			
Investment Revenue	218	0	218
Miscellaneous Revenue	358,460	0	358,460
Donated Commodities	17,949	0	17,949
Operating Grants - State & Local	726	0	726
Operating Grants - Federal	18,254	0	18,254
Total Non-Operating Revenues	395,607	0	395,607
Income (Loss) before Operating Transfers	(7,099)	1,302	(5,797)
Operating Transfers In	10,500	0	10,500
Net Income	3,401	1,302	4,703
Retained Earnings, Beginning of Year	206,686	7,922	214,608
Retained Earnings, End of Year	\$210,087	\$9,224	\$219,311

See accompanying notes.

Madeira City School District  
 Combined Statement of Cash Flows  
 All Proprietary Fund Types  
 For the Year Ended June 30, 2000

	Proprietary Fund Types		Totals (Memorandum only)
	Enterprise	Internal Service	
<b>Cash Flows from Operating Activities:</b>			
Cash Received from Tuition & Fees	\$66,086	\$0	\$66,086
Cash Received from Charges for Services	250,377	44,904	295,281
Cash Payments for Personal Services	(336,193)	0	(336,193)
Cash Payments for Contract Services	(240,632)	(16,457)	(257,089)
Cash Payments for Supplies & Materials	(107,201)	(7,405)	(114,606)
Cash Payments for Other Expenses	(656)	(19,360)	(20,016)
Net Cash Provided (Used) by Operating Activities	<u>(368,219)</u>	<u>1,682</u>	<u>(366,537)</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Cash Received from Other Funds	10,500	0	10,500
Cash Received from Operating Grants	21,489	0	21,489
Cash Received from Investment Earnings	218	0	218
Other	358,460	0	358,460
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>390,667</u>	<u>0</u>	<u>390,667</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition of Capital Assets	<u>(1,038)</u>	<u>0</u>	<u>(1,038)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(1,038)</u>	<u>0</u>	<u>(1,038)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	21,410	1,682	23,092
Cash and Cash Equivalents at Beginning of Year	<u>231,619</u>	<u>7,922</u>	<u>239,541</u>
Cash and Cash Equivalents at End of Year	<u><u>\$253,029</u></u>	<u><u>\$9,604</u></u>	<u><u>\$262,633</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>			
Operating Income (Loss)	(\$402,706)	\$1,302	(\$401,404)
<b>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</b>			
Depreciation	2,880	0	2,880
Donated Commodities Used	17,949	0	17,949
<b>Changes in Assets and Liabilities:</b>			
(Increase) Decrease in Materials & Supplies Inventory	1,796	0	1,796
Increase (Decrease) in Accounts Payable	1,829	380	2,209
Increase (Decrease) in Accrued Wages & Benefits	11,509	0	11,509
Increase (Decrease) in Compensated Absences Payable	83	0	83
Increase (Decrease) in Deferred Revenue	(1,559)	0	(1,559)
Net Cash Provided (Used) by Operating Activities	<u><u>(368,219)</u></u>	<u><u>\$1,682</u></u>	<u><u>(366,537)</u></u>

See accompanying notes.

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## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

### MADEIRA CITY SCHOOL DISTRICT, OHIO

June 30, 2000

#### NOTE A--DESCRIPTION OF THE DISTRICT

The District was chartered by the Ohio State Legislature. In 1949 state laws were enacted to create local Boards of Education. Today, the District operates under current standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 and Section 119.01 of the Ohio Revised Code.

The District operates under a locally elected five member Board form of government and provides educational services as authorized by its charter or further mandated by state and/or federal agencies. This Board controls the District's instructional and support facilities staffed by 32.10 non-certificated personnel and 115.30 certificated full time teaching and 7 administrative personnel to provide services to students and other community members.

The District is the 2nd smallest in Hamilton County in terms of enrollment. It currently operates 1 elementary school, 1 middle school (grades 4-6), 1 junior/senior high school (grades 7-12).

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

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

##### THE REPORTING ENTITY

For financial reporting purposes the District's financial statements include the primary government. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. Generally, component units are legally separate organizations for which the elected officials of the primary government (i.e. the District) are financially accountable. The District would consider an organization to be a component unit if:

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

The District had no component units.

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

### NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

The following activities are included within the reporting entity:

Parochial Schools - Within the School District boundaries, St. Gertrude Elementary School is operated as a private school. Current State legislation provides funding to this parochial school. These monies are received and disbursed on behalf of the parochial schools by the Treasurer of the School District, as directed by the parochial schools. The activity of these State monies by the School District are reflected in a special revenue fund for financial reporting purposes.

The School District is associated with four organizations, of which three are defined as jointly governed organizations, and the fourth as an insurance purchasing pool. These organizations include the Hamilton/Clermont Cooperative Association/Unified Purchasing Association, Great Oaks Joint Vocational School, Hamilton/Clermont Cooperative Association/Computer Consortium, and the Ohio School boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes L and M to the general purpose financial statements.

### BASIS OF PRESENTATION - FUND ACCOUNTING

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

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

#### General Fund

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

#### Special Revenue Funds

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

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

### NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

#### Debt Service Fund

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

#### Capital Projects Funds

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

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

#### Enterprise Funds

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

#### Internal Service Funds

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

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

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

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

### NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

#### General Fixed Assets Account Group

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

#### General Long Term Obligations Account Group

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

### MEASUREMENT FOCUS/BASIS OF ACCOUNTING

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

Proprietary Fund Types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary Fund Type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. Proprietary Fund Types income statements represent increases and decreases in net total assets.

*Basis of Accounting:* The modified accrual basis of accounting is followed for Governmental, Expendable Trust, and Agency Funds. Under this basis of accounting revenues are recognized when they become both measurable and available to finance expenditures for the current period, which for the District is 60 days after fiscal year end. Revenue accrued at the end of the fiscal year included property taxes, interest, tuition, and state and federal grants. Property taxes measurable as of June 30, 2000 whose availability is indeterminable, and are available to the District within 60 days and which are intended to finance fiscal 2001 operations, have been recorded as deferred revenues. Expenditures are recognized in the period in which the related fund liability is incurred, except interest on long-term debt which is recorded when due.

Proprietary Funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

### BUDGETARY DATA

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

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

### NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

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

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

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

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

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

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

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

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

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

### NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

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.

Formal budgetary integration is employed as a management control device during the year for all funds consistent with statutory provisions.

Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal 1999-00 and none were significant.

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.

### ENCUMBRANCES

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

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

### NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

#### CASH AND INVESTMENTS

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

Under existing Ohio statutes, all investments earnings accrue to the General Fund except those specifically related to Agency Fund, Auxiliary Services, Student Activities, Enterprise Funds accrued to Food Service, and those funds individually authorized by Board resolution.

For purposes of the Statement of Cash Flows (GASB Statement No.9), the District considers the Proprietary Fund portion of pooled cash and investments to be a cash equivalent because the Proprietary Funds may withdraw cash from the pool at any time without prior penalty or notice.

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

#### RESTRICTED EQUITY IN POOLED CASH & INVESTMENTS

Restricted equity in Pooled Cash & Investments in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve and textbook reserve. These reserves are required by State Statute and can only be used after receiving approval from the State Superintendent of Public Instruction. For fiscal year 2000 the total reserve amount equaled \$150,811.

#### ESTIMATES

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

#### INVENTORY (MATERIALS AND SUPPLIES)

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

FIXED ASSETS AND DEPRECIATION

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

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

Asset	Life (years)
Furniture, Fixtures and Equipment	5 to 20

INTERGOVERNMENTAL REVENUES

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

INTERFUND TRANSACTIONS

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

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

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

Short-term interfund loans are reflected as interfund payables/receivables, while long-term interfund loans (greater than one year in length) are recorded as advances to/from other funds. The District had no long term interfund loans or advances at June 30, 2000.

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General		\$13,990.00
Public School Support	\$13,990.00	



NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

COMPENSATED ABSENCES

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

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

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

<u>Vacation</u>	<u>Certified</u>	<u>Administrators</u>	<u>Non-Certificated</u>
How earned	Not Eligible	15 days	10-15 days for each service year depending on length of service.
Maximum Accumulation	Not Applicable	15 day	10-15 days
Vested	Not Applicable	As Earned	As Earned
Termination Entitlement	Not Applicable	Paid upon Termination	Paid upon Termination
<u>Sick Leave</u>			
How Earned	1 1/4 days per month of employment (15 days per year)	1 1/4 days per month of employment (15 days per year)	1 1/4 days per month of employment (15 days per year)
Maximum Accumulation	220	220	220
Vested	As Earned	As Earned	As Earned
Termination Entitlement	Per Contract	Per Contract	Per Contract

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

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

### NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

#### LONG-TERM OBLIGATIONS

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

#### FUND BALANCE RESERVES

The School District reserves fund balance for amounts that are legally segregated for a specific purpose or which are not available for appropriation. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, property taxes, and state mandated budgetary set-asides. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

#### MEMORANDUM ONLY-TOTAL COLUMNS

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

#### PROPRIETARY FUND ACCOUNTING

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

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

### NOTE C--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 Investments".

State statutes classify monies held by the School 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 School District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuance's of federal government agencies or instrumentality's;
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;

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

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

4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. 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 moneys available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

Deposits: At year-end, the carrying amount of the District's deposits was \$1,109,959 and the bank balance was \$1,032,479. Of the bank balances, \$200,000 was covered by federal depository insurance and the remaining amounts were covered by collateral held by the pledging banks' trust department pursuant to Section 135.181, Ohio Revised Code, in collateral pools securing all public funds on deposit with specific depository institutions. Ohio Revised Code Section 135.181 Uniform Depository Act, authorized pledging of pooled securities in lieu of pledging specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure payment of all public monies deposited in the financial institution, provided that at all times the total value of the securities so pledged is at least equal to 110% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal depository insurance. The deposits not covered by federal depository insurance are considered uninsured and uncollateralized under the provisions of GASB Statement No. 3.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

NOTE C--EQUITY IN POOLED CASH AND INVESTMENTS - CONT'D

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

	<u>Category</u>	<u>Fair Value</u>
U.S. Agencies	2	\$ 1,137,638
U.S. Treasury Obligations	2	272,790
Money Market Mutual Fund	*	161,013
Repurchase Agreement	3	945,822
Commercial Paper	3	<u>298,823</u>
Total		<u>\$ 2,816,086</u>

(\*) The District's investment in money market mutual funds is unclassified because they are not evidenced by entries that exist in physical or book entry form.

NOTE D--PROPERTY TAXES

Property taxes include amounts levied against real, public utility and tangible personal (business) property. The assessed value, by property classification, upon which taxes collected in 2000 were based are as follows:

Tangible Personal	\$ 10,152,900
Real estate	<u>199,443,070</u>
Total assessed property value	<u>\$ 209,595,970</u>

In 2000, real property taxes were levied in April on the assessed values as of January 1, 1999, the lien date. Assessed values are established by the County Auditor at 35% of appraised market value. A revaluation of real property is required to be completed no less than every six years, with a statistical update every third year. The most recent revaluation was completed in January, 1998. Tangible personal property tax is assessed on equipment and inventory held by businesses. Tangible property is assessed at 25% of true value (as defined). In 2000, each business was eligible to receive a \$10,000 exemption in assessed value which was reimbursed by the State.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

NOTE D--PROPERTY TAXES - CONT'D

Real property taxes are payable annually or semi-annually. In 2000, if paid annually, payment was due by January 20th. If paid semi-annually, the first payment (at least 1/2 amount billed) was due January 20th with the remainder due on June 20th.

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

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which are measurable at the current year end. Delinquent property taxes collected within 60 days are included as a receivable and tax revenue as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000, was \$1,981,700 and is recognized as revenue.

NOTE E--FIXED ASSETS

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

	<u>June 30,1999</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2000</u>
Land	\$ 324,147	\$ 0	\$ 0	\$ 324,147
Buildings	7,360,457	422,033	0	7,782,490
Furniture Fixtures/Equipment	<u>1,862,530</u>	<u>407,997</u>	<u>0</u>	<u>2,270,527</u>
Total	<u>\$ 9,547,134</u>	<u>\$ 830,030</u>	<u>\$ 0</u>	<u>\$10,377,164</u>

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

Furniture and Equipment	\$ 44,011
Less Accumulated Depreciation	<u>(38,950)</u>
Net Fixed Assets - Proprietary Fund	<u>\$ 5,061</u>

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

NOTE F -DEBT

LONG-TERM

The District has issued unvoted general obligation energy conservation notes for the purpose of providing energy savings to the District, under the authority of Ohio Revised Code Sections 133.06(G) and 3313.372.

The following is a description of the district's bonds outstanding as of June 30, 2000:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance June 30, 1999</u>	<u>Increase (Decrease) 2000</u>	<u>Balance June 30, 2000</u>
Energy Saving Renewal Note	4.95%	04-10-96	04-10-01	78,000	(39,000)	39,000
Energy Saving Note	5.00%	07-01-95	06-30-05	100,800	(16,800)	84,000
General Obligation Bond	5.75%	05-01-97	12-01-16	<u>5,690,000</u>	<u>(140,000)</u>	<u>5,550,000</u>
TOTAL				<u>\$5,868,800</u>	<u>(\$195,800)</u>	<u>\$5,673,000</u>

NOTE F--DEBT - CON'T

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	210,800	330,650	541,450
2002	186,800	313,713	500,513
2003	201,800	305,553	507,353
2004	216,800	296,488	513,288
2005	236,800	286,488	523,288
2005-2016	<u>4,620,000</u>	<u>2,012,552</u>	<u>6,632,552</u>
Total	<u>\$5,673,000</u>	<u>\$3,545,444</u>	<u>\$9,218,444</u>

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

During the year ended June 30, 2000, the following changes occurred in liabilities reported in the General Long Term Obligations Account Group. Compensated absences will be paid from the fund from which the employee is paid.

	<u>July 1, 1999</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2000</u>
Compensated Absences:				
Sick Leave and Vacation Leave	\$ 381,873	\$ 0	\$ 230,449	\$ 151,424
Accrued Wages and Benefits	37,039	13,447	0	50,486
General Obligation Debt:				
Notes	178,800	0	55,800	123,000
Bonds	<u>5,690,000</u>	<u>0</u>	<u>140,000</u>	<u>5,550,000</u>
Total	<u>\$ 6,287,712</u>	<u>\$ 13,447</u>	<u>\$ 426,249</u>	<u>\$ 5,874,910</u>



## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

### NOTE H--SEGMENT INFORMATION

Enterprise Funds - The District maintains three Enterprise Funds to account for the operations of Food Service, Uniform Supply, and Latchkey. 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 Supply</u>	<u>Latch Key</u>	<u>Total</u>
Operating Revenues	\$ 250,378	\$ 66,085	\$ 0	\$316,463
Operating expenses before depreciation	314,619	66,689	334,981	716,289
Depreciation	2,880	-0-	0	2,880
Operating Loss	(67,121)	(604)	(334,981)	(402,706)
Donated Commodities	17,949	-0-	0	17,949
Operating Grants	18,980	-0-	0	18,980
Miscellaneous Revenue	350	0	358,110	358,460
Investment Revenue	218	0	0	218
Transfer In	10,500	0	0	10,500
Net Income (Loss)	(19,123)	(604)	23,128	3,401
Fixed Asset Additions	1,038	0	0	1,038
Net Working Capital	(40,711)	28,422	218,051	205,762
Total Assets	11,020	30,770	218,527	260,317
Total Liability	47,406	2,348	476	50,230
Total Equity	(36,386)	28,422	218,051	210,087

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

### NOTE I--DEFINED BENEFIT PENSION PLANS

#### A. School Employees Retirement System

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

Plan members are required to contribute 9% of their annual covered salary and the Madeira City School District is required to contribute at an actuarially determined rate. The current Rate is 14 percent of annual covered payroll. For fiscal year 2000, 9.79 percent was the portion to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The District's contributions to SERS for the years ending June 30, 2000, 1999, 1998 were \$159,326, \$139,261, and \$129,156 respectively, 50 percent has been contributed for fiscal year 2000 and 100 percent for fiscal year 1999 and 1998. \$93,948 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.

#### B. State Teachers Retirement System

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

Plan members are required to contribute 9.3% of their annual covered salary and the Madeira City School District is required to contribute 14%. 10.5 percent was the portion used to fund pension obligations. Prior to July 1, 1997, the portion to fund pensions obligations was 12 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's contributions to STRS for the years ending June 30, 2000, 1999 and 1998 were \$784,350, \$716,773, and \$645,090 respectively, 81.6 percent has been contributed for fiscal year 2000 and 100 percent for fiscal year 1999 and 1998. \$141,432 represents the unpaid contribution for fiscal year 2000, and is recorded as a liability within the respective funds.

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

### NOTE J -- POST EMPLOYMENT BENEFITS

The School district provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS) and to retired non-certificated 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 System 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. The Retirement Board allocates employer contributions equal to two percent of covered payroll to the Health Care Reserve Fund. The Health Care Reserve Allocation for the year ended June 30, 2000 will be 8% of covered payroll. For the School District, the amount to fund the Health Care Reserve equaled \$468,405 during the 2000 fiscal year.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2,783 million at June 30, 1999. For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

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

For this fiscal year, employer contributions to fund health care benefits were 6.30 percent of covered payroll, an increase from 4.98 percent for fiscal year 1999. 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, were \$126,380,984 and the target level was \$189.9 million. At June 30, 1999 SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 51,000 participants currently receiving health care benefits..

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

NOTE K--BUDGETARY BASIS OF ACCOUNTING

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

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

Governmental Fund Types

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Projects</u>
GAAP Basis	\$ (502,708)	\$ (1,985)	\$ 118,856	(\$ 539,276)
Net Adjustment for Revenue Accruals	245,645	0	17,300	5,349
Net Adjustment for Expenditure Accrual	(48,402)	(3,355)	0	0
Net Adjustment for Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>	<u>(63,412)</u>
Budgetary Basis	<u>\$ (305,465)</u>	<u>\$ (5,340)</u>	<u>\$ 136,156</u>	<u>\$ (597,339)</u>

NOTE L--JOINTLY GOVERNED ORGANIZATIONS

*Hamilton Clermont Cooperative Association/Unified Purchasing Association* - The Hamilton Clermont Cooperative Association Unified Purchasing Association is a jointly governed organization among a two county consortium of school districts. The Unified Purchasing Cooperative was organized under the Hamilton Clermont Cooperative Association to benefit member districts with a more economically sound purchasing mechanism for general school, office, and cafeteria supplies. The Unified Purchasing Cooperative organization is governed by representatives from each of the governments that create the organization, but there is no ongoing financial interest or responsibility by the participating governments.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

NOTE L-JOINTLY GOVERNED ORGANIZATIONS – CONTINUED

*Great Oaks Joint Vocational School* - The Great Oaks Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative each of the participating school districts' elected board. The Vocational School possesses its own budgeting and taxing authority. To obtain financial information write to the Great Oaks Joint Vocational School, John Wahle, who serves as Treasurer, at 3254 East Kemper Road, Cincinnati, Ohio 45241

*Hamilton/Clermont Cooperative Association* - The School District is a participant in the Hamilton/Clermont Cooperative Association (H/CCA) which is a computer consortium. H/CCA is an association of 24 public school districts within the boundaries of Hamilton and Clermont Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of H/CCA consists of the superintendents and/or treasurers of the participating members. H/CCA is not accumulating significant financial resources nor is it experiencing fiscal stress that may cause an additional financial benefit to or burden on members in the future. The School District paid H/CCA \$15,332 for services provided during the year. Financial information can be obtained from the H/CCA, Steve Hawley, Director, at 7615 Harrison Avenue, Cincinnati, Ohio 45231-3107.

NOTE M--INSURANCE PURCHASING POOL

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

NOTE N--CONTINGENT LIABILITIES

GRANTS

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

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

### NOTE O--SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$2,389,173 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the Ohio General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County 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 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 School 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.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

NOTE P—RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2000, the District contracted with The Cincinnati Insurance Co., Crum & Forster Insurance, and Nationwide Insurance Company for property and general liability insurance and boiler and machinery insurance.

Boiler and machinery coverage has a \$250.00 deductible. General liability is provided by Nationwide Insurance Company with \$2,000,000 each occurrence, \$5,000,000 aggregate limit. Vehicles are covered by Nationwide Insurance Company with a \$500 deductible. Public officials bond insurance is provided by Ohio Casualty Insurance Company. The Treasurer, is covered by a bond in the amount of \$50,000. The Superintendent and Board President are covered by bonds in the amount of \$20,000 each. The District has elected to provide employee medical, dental and life insurance through Greater Cincinnati Insurance Consortium. The employees share the cost of the monthly premium for the coverage with the Board.

There were no significant reductions in insurance coverage from the prior year. Also, there were no settlements that exceeded insurance coverage for the past three fiscal years.

NOTE Q – STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue funds, as defined, into various reserves. During the fiscal year ended June 30, 2000, the reserve activity (cash basis) was as follows:

	<u>Textbook Reserve</u>	<u>Capital Maintenance Reserve</u>	<u>Budget Stabilization Reserve</u>
Set-aside Balance 31 7/1/99	\$ 5,642	\$ 0	\$124,379
Required Set-Aside	227,253	227,253	75,751
Offset Credits	0	(50,000)	(49,319)
Qualifying Expenditures	<u>(243,936)</u>	<u>(177,253)</u>	<u>0</u>
Set aside Cash Balance 6/30/00	<u>\$ (11,041)</u>	<u>\$ 0</u>	<u>\$150,811</u>
Carried forward to future fiscal years			
Set aside reserve balances 6/30/00	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$150,811</u>

Although the School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts for capital maintenance reserve to below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. Qualifying disbursements for capital maintenance reserve during the year were \$277,446, which exceeded the required set-aside and reserve balance.

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**MADEIRA CITY SCHOOL DISTRICT  
HAMILTON COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education:</i>						
Child Nutrition Cluster:						
Food Distribution Program	N/A	10.550		\$17,949		\$17,949
National School Lunch Program	03PU-99	10.555	\$3,359		\$3,359	
	03PU-00		10,547		10,547	
	04PU-99		1,757		1,757	
	04PU-00		5,100		5,100	
Total U.S. Department of Agriculture - Child Nutrition Cluster			<u>20,763</u>	<u>17,949</u>	<u>20,763</u>	<u>17,949</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States (IDEA Part B)	6BSF-98	84.027	18,889		19,093	
	6BSF-99		64,771		41,387	
			<u>83,660</u>		<u>60,480</u>	
Preschool Handicapped	PGS1-99	84.173	6,364		6,364	
Total Special Education Cluster			<u>90,024</u>		<u>66,844</u>	
Grants to Local Educational Agencies (ESEA Title I)	C1S1-99	84.010	11,055		14,540	
	C1S1-00		66,662		53,129	
			<u>77,717</u>		<u>67,669</u>	
Innovative Educational Program Strategies	C2S1-99	84.298	1,293		4,558	
	C2S1-00		6,863		6,240	
			<u>8,156</u>		<u>10,798</u>	
Drug-Free Schools Grant	DRS1-99	84.186			6,744	
	DRS1-00		6,092		2,193	
			<u>6,092</u>		<u>8,937</u>	
Eisenhower Professional Development Grant	MSS1-98	84.281	(819)		0	
	MSS1-99		0		4,917	
	MSS1-00		18,473		8,349	
			<u>17,654</u>		<u>13,266</u>	
Goals 2000	G2SP-99	84.276	70,000		32,080	
Technology Literacy Challenge Fund Grant	TF31-98	84.318	0		150,000	
	TF32-99		100,000		100,000	
	TF33-99		62,500		59,242	
	TF34-99		62,500		0	
			<u>225,000</u>		<u>309,242</u>	
Title VI-R	CR-S1-00	84.340	16,050		12,379	
Total Department of Education			<u>510,693</u>		<u>521,215</u>	
<b>TOTAL FEDERAL ASSISTANCE</b>			<u><b>\$531,456</b></u>	<u><b>\$17,949</b></u>	<u><b>\$541,978</b></u>	<u><b>\$17,949</b></u>

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

**MADEIRA CITY SCHOOL DISTRICT  
HAMILTON COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
JUNE 30, 2000**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Expenditures (the schedule) is a summary of the activity of the District's federal awards programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B - CHILD NUTRITION CLUSTER**

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the schedule at the fair market value of the commodities received and consumed. Federal cash receipts 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.



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Madeira City School District  
Hamilton County  
7465 Loannes Drive  
Madeira, Ohio 45243

To the Board of Education:

We have audited the financial statements of Madeira City School District, Hamilton County, Ohio, (the District), as of and for the fiscal year ended June 30, 2000, and have issued our report thereon dated January 25, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2000-10431-001. We also noted certain immaterial instances of noncompliance that we have reported to the management of the District in a separate letter dated January 25, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 25, 2001.

This report is intended for the information and use of the Audit Committee, management, the Board of Education, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

January 25, 2001



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

Madeira City School District  
Hamilton County  
7465 Loannes Drive  
Madeira, Ohio 45243

To the Board of Education:

**Compliance**

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

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the fiscal year ended June 30, 2000.

**Internal Control Over Compliance**

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

Madeira City School District  
Hamilton County  
Report on Compliance with Requirements Applicable to Each Major  
Federal Program and Internal Control Over Compliance  
in Accordance with OMB Circular A-133  
Page 2

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

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

**Jim Petro**  
Auditor of State

January 25, 2001

**MADEIRA CITY SCHOOL DISTRICT  
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .500  
JUNE 30, 2000**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	CFDA # 84.318 Technology Literacy Challenge Fund Grant
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A > \$300,000 Type B - all other programs
(d)(1)(ix)	Low Risk Auditee?	No

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

**FINDING NUMBER 2000-10431-001**

**Ohio Rev. Code, Section 5705.39**, requires total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure therefrom, as certified by the budget commission. No appropriation measure shall become effective until the county auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate.

At June 30, 2000, total appropriations exceeded total estimated revenue for the Special Revenue Miscellaneous State Grant Fund (599) by \$62,500 and the Capital Project Bond Issue Fund (004) by \$1,300.

We recommend that appropriations and estimated resources from each fund be monitored throughout the year.

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

None





STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

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**MADEIRA CITY SCHOOL DISTRICT**

**HAMILTON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 27, 2001**