



**Mt. Healthy  
City School District**

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**Hamilton County**

**Single Audit**

**For the Fiscal Year Ended June 30, 2001**

**J. L. UHRIG & ASSOCIATES, INC.**

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**CERTIFIED PUBLIC ACCOUNTANTS**

**78 North Plaza Blvd.  
Chillicothe, Ohio 45601**





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

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**JIM PETRO, AUDITOR OF STATE**

35 North Fourth Street, 1<sup>st</sup> Floor  
Columbus, Ohio 43215  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-728-7398

Board of Education  
Mount Healthy City School District  
7615 Harrison Avenue  
Cincinnati, Ohio 45231

We have reviewed the Independent Auditor's Report of the Mount Healthy City School District, Hamilton County, prepared by J. L. Uhrig & Associates, Inc., for the audit period July 1, 2000 to June 30, 2001. 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 Mount Healthy City School District is responsible for compliance with these laws and regulations.

**JIM PETRO**  
Auditor of State

March 28, 2002

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# J. L. UHRIG & ASSOCIATES, INC.

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Certified Public Accountants

78 North Plaza Blvd.  
Chillicothe, OH 45601  
(740) 775-8448  
Fax: (740) 775-8442

## Independent Auditor's Report

Board of Education  
Mt. Healthy City School District  
7615 Harrison Avenue  
Cincinnati, Ohio 45231

We have audited the accompanying general purpose financial statements of the Mt. Healthy City School District (the District) as of and for the year ended June 30, 2001. 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2001, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 22, 2002 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 when 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 expenditures required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* is presented for purposes of additional analysis 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 presented in all material respects in relation to the general purpose financial statements taken as a whole.

## J. L. Uhrig & Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.  
Certified Public Accountants

February 22, 2002

Mt. Healthy City School District  
 Combined Balance Sheet  
 All Fund Types and Account Groups  
 June 30, 2001

	<b>Governmental Fund Types</b>			
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>
<b>Assets and Other Debits:</b>				
Equity in Pooled Cash and Investments	\$2,356,812	\$335,928	\$0	\$143,116
Restricted Cash	168,887	0	0	0
<b>Receivables:</b>				
Taxes	10,758,450	0	128,000	0
Intergovernmental	0	632,514	0	0
Accounts	0	0	0	0
Interfund Receivable	161,479	4,066	0	0
Inventory	0	0	0	0
<b>Fixed Assets ( Net, where applicable, of Accumulated Depreciation)</b>				
	0	0	0	0
<b>Other Debits:</b>				
Amount to be Provided for Retirement of General Long-Term Obligations	0	0	0	0
<b>Total Assets &amp; Other Debits</b>	<b>\$13,445,628</b>	<b>\$972,508</b>	<b>\$128,000</b>	<b>\$143,116</b>
<b>Liabilities, Fund Equity &amp; Other Credits:</b>				
<b>Liabilities:</b>				
Accounts Payable	\$23,674	\$42,594	\$0	\$0
Accrued Wages & Benefits	3,725,456	284,490	0	0
Compensated Absences Payable	270,171	24,694	0	0
Interfund Payable	5,521	158,137	0	0
Deferred Revenue	8,932,350	417,969	128,000	0
Due to Students	0	0	0	0
Energy Conservation Loan Payable	0	0	0	0
<b>Total Liabilities</b>	<b>12,957,172</b>	<b>927,884</b>	<b>128,000</b>	<b>0</b>
<b>Fund Equity &amp; Other Credits:</b>				
Investment in General Fixed Assets	0	0	0	0
<b>Retained Earnings:</b>				
Unreserved	0	0	0	0
<b>Fund Balance:</b>				
Reserved for Encumbrances	208,385	82,114	0	29,189
Reserved for Property Tax Advances	1,826,100	0	0	0
Reserved For Set-Asides	168,887	0	0	0
Unreserved & Undesignated	(1,714,916)	(37,490)	0	113,927
<b>Total Fund Equity &amp; Other Credits</b>	<b>488,456</b>	<b>44,624</b>	<b>0</b>	<b>143,116</b>
<b>Total Liabilities, Fund Equity &amp; Other Credits</b>	<b>\$13,445,628</b>	<b>\$972,508</b>	<b>\$128,000</b>	<b>\$143,116</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	
\$193,651	\$23,148	\$54,237	\$0	\$0	\$3,106,892
0	0	0	0	0	168,887
0	0	0	0	0	10,886,450
0	0	0	0	0	632,514
1,624	0	0	0	0	1,624
5,521	0	0	0	0	171,066
28,384	0	0	0	0	28,384
177,403	0	0	17,202,466	0	17,379,869
0	0	0	0	1,895,045	1,895,045
<u>\$406,583</u>	<u>\$23,148</u>	<u>\$54,237</u>	<u>\$17,202,466</u>	<u>\$1,895,045</u>	<u>\$34,270,731</u>
\$0	\$0	\$0	\$0	\$0	\$66,268
152,479	0	0	0	170,147	4,332,572
46,017	0	0	0	1,241,135	1,582,017
7,386	0	22	0	0	171,066
24,782	0	0	0	0	9,503,101
0	0	40,060	0	0	40,060
0	0	0	0	483,763	483,763
<u>230,664</u>	<u>0</u>	<u>40,082</u>	<u>0</u>	<u>1,895,045</u>	<u>16,178,847</u>
0	0	0	17,202,466	0	17,202,466
175,919	23,148	0	0	0	199,067
0	0	0	0	0	319,688
0	0	0	0	0	1,826,100
0	0	0	0	0	168,887
0	0	14,155	0	0	(1,624,324)
<u>175,919</u>	<u>23,148</u>	<u>14,155</u>	<u>17,202,466</u>	<u>0</u>	<u>18,091,884</u>
<u>\$406,583</u>	<u>\$23,148</u>	<u>\$54,237</u>	<u>\$17,202,466</u>	<u>\$1,895,045</u>	<u>\$34,270,731</u>

Mt. Healthy 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, 2001

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Revenues:</b>				
Taxes	\$10,160,348	\$0	\$98,398	\$0
Intergovernmental	14,956,011	3,518,349	0	221,500
Investment	263,092	2,464	0	0
Tuition & Fees	382,760	0	0	0
Extracurricular Activities	0	125,545	0	0
Miscellaneous	30,400	98,665	0	72,644
<b>Total Revenues</b>	<b>25,792,611</b>	<b>3,745,023</b>	<b>98,398</b>	<b>294,144</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	12,295,081	1,512,820	0	166,736
Special	2,666,419	664,675	0	27,934
Vocational	134,493	14,122	0	0
Other	399,343	8,592	0	0
<b>Support Services:</b>				
Pupils	1,639,670	323,887	0	0
Instructional Staff	1,238,410	486,835	0	1,390
Board of Education	47,145	0	0	10,709
Administration	2,056,668	127,851	0	15,146
Fiscal	576,226	13,366	0	0
Business	66,989	0	0	0
Operation & Maintenance of Plant	2,835,115	0	0	25,628
Pupil Transportation	1,633,524	1,937	0	0
Central	348,450	4,637	0	48,000
Operation of Non-Instructional Services	11,366	235,581	0	0
Extracurricular Activities	446,585	207,872	0	0
Capital Outlay	329,420	0	0	0
Debt Service:				
Principal Retirement	0	0	98,744	0
Interest & Fiscal Charges	0	0	28,766	0
<b>Total Expenditures</b>	<b>26,724,904</b>	<b>3,602,175</b>	<b>127,510</b>	<b>295,543</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(932,293)</b>	<b>142,848</b>	<b>(29,112)</b>	<b>(1,399)</b>
<b>Other Financing Sources (Uses):</b>				
Proceeds from Sale of Fixed Assets	18,939	0	0	0
Operating Transfers In	0	109,548	0	0
Operating Transfers (Out)	(109,548)	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(90,609)</b>	<b>109,548</b>	<b>0</b>	<b>0</b>
<b>Excess of Revenues &amp; Other Financing Sources Over (Under) Expenditures &amp; Other Financing Uses</b>	<b>(1,022,902)</b>	<b>252,396</b>	<b>(29,112)</b>	<b>(1,399)</b>
<b>Fund Balance (Deficit), Beginning of Year (Restated)</b>	<b>1,511,358</b>	<b>(207,772)</b>	<b>29,112</b>	<b>144,515</b>
<b>Fund Balance, End of Year</b>	<b>\$488,456</b>	<b>\$44,624</b>	<b>\$0</b>	<b>\$143,116</b>

See accompanying notes.

<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
<u>Expendable Trust</u>	
\$0	\$10,258,746
0	18,695,860
0	265,556
0	382,760
0	125,545
<u>6,303</u>	<u>208,012</u>
<u>6,303</u>	<u>29,936,479</u>
0	13,974,637
0	3,359,028
0	148,615
0	407,935
0	1,963,557
0	1,726,635
0	57,854
0	2,199,665
0	589,592
0	66,989
0	2,860,743
0	1,635,461
0	401,087
0	246,947
43	654,500
0	329,420
0	98,744
<u>0</u>	<u>28,766</u>
<u>43</u>	<u>30,750,175</u>
<u>6,260</u>	<u>(813,696)</u>
0	18,939
0	109,548
<u>0</u>	<u>(109,548)</u>
<u>0</u>	<u>18,939</u>
<u>6,260</u>	<u>(794,757)</u>
<u>7,895</u>	<u>1,485,108</u>
<u>\$14,155</u>	<u>\$690,351</u>

Mt. Healthy 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, 2001

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$10,494,432	\$10,589,648	\$95,216	\$0	\$0	\$0
Intergovernmental	15,201,216	14,956,011	(245,205)	2,501,882	3,504,316	1,002,434
Investment	300,110	268,613	(31,497)	2,464	2,464	0
Tuition & Fees	537,882	435,358	(102,524)	0	0	0
Extracurricular Activities	0	0	0	135,293	125,546	(9,747)
Miscellaneous	37,176	33,860	(3,316)	98,962	135,848	36,886
<b>Total Revenues</b>	<b>26,570,816</b>	<b>26,283,490</b>	<b>(287,326)</b>	<b>2,738,601</b>	<b>3,768,174</b>	<b>1,029,573</b>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular	12,807,234	12,314,566	492,668	907,001	1,302,627	(395,626)
Special	2,564,686	2,605,060	(40,374)	807,143	674,452	132,691
Vocational	126,352	124,372	1,980	19,486	15,542	3,944
Other	251,937	398,694	(146,757)	7,501	12,938	(5,437)
<b>Support Services:</b>						
Pupils	1,618,438	1,399,301	219,137	403,876	330,587	73,289
Instructional Staff	1,309,898	1,208,298	101,600	615,899	476,197	139,702
Board of Education	109,929	120,935	(11,006)	0	0	0
Administration	1,940,094	1,898,777	41,317	136,412	120,781	15,631
Fiscal	541,025	554,024	(12,999)	23,381	14,135	9,246
Business	62,019	63,065	(1,046)	0	0	0
Operation & Maintenance of Plant	2,676,761	2,813,970	(137,209)	6,651	0	6,651
Pupil Transportation	1,583,994	1,634,245	(50,251)	12,695	2,022	10,673
Central	355,346	362,836	(7,490)	4,637	4,637	0
Operation of Non-Instructional Services	16,849	11,451	5,398	282,282	265,550	16,732
Extracurricular Activities	412,932	441,701	(28,769)	230,244	224,844	5,400
<b>Capital Outlay</b>	<b>334,379</b>	<b>348,150</b>	<b>(13,771)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Debt Service:</b>						
Principal Retirement	0	0	0	0	0	0
Interest & Fiscal Charges	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>26,711,873</b>	<b>26,299,445</b>	<b>412,428</b>	<b>3,457,208</b>	<b>3,444,312</b>	<b>12,896</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(141,057)</b>	<b>(15,955)</b>	<b>125,102</b>	<b>(718,607)</b>	<b>323,862</b>	<b>1,042,469</b>
<b>Other Financing Sources (Uses):</b>						
Proceeds from Sale of Fixed Assets	10,238	18,939	8,701	0	0	0
Operating Transfers In	0	0	0	0	109,548	109,548
Operating Transfers (Out)	0	(109,548)	(109,548)	0	0	0
Advances In	452,295	584,593	132,298	7,336	0	(7,336)
Advances (Out)	0	0	0	(8,231)	(570,803)	(562,572)
<b>Total Other Financing Sources (Uses)</b>	<b>462,533</b>	<b>493,984</b>	<b>31,451</b>	<b>(895)</b>	<b>(461,255)</b>	<b>(460,360)</b>
<b>Excess of Revenues &amp; Other Financing Sources Over (Under) Expenditures &amp; Other Financing Uses</b>	<b>321,476</b>	<b>478,029</b>	<b>156,553</b>	<b>(719,502)</b>	<b>(137,393)</b>	<b>582,109</b>
<b>Fund Balance, Beginning of Year (Includes Prior Year Encumbrances Appropriated)</b>	<b>1,944,874</b>	<b>1,944,874</b>	<b>0</b>	<b>293,716</b>	<b>293,716</b>	<b>0</b>
<b>Fund Balance, End of Year</b>	<b>\$2,266,350</b>	<b>\$2,422,903</b>	<b>\$156,553</b>	<b>(\$425,786)</b>	<b>\$156,323</b>	<b>\$582,109</b>

See accompanying notes.

Debt Service			Capital Projects			Totals (Memorandum Only)		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$0	\$98,400	\$98,400	\$0	\$0	\$0	\$10,494,432	\$10,688,048	\$193,616
0	0	0	233,000	221,500	(11,500)	17,936,098	18,681,827	745,729
0	0	0	0	0	0	302,574	271,077	(31,497)
0	0	0	0	0	0	537,882	435,358	(102,524)
0	0	0	0	0	0	135,293	125,546	(9,747)
0	0	0	55,000	72,643	17,643	191,138	242,351	51,213
0	98,400	98,400	288,000	294,143	6,143	29,597,417	30,444,207	846,790
0	0	0	246,187	192,011	54,176	13,960,422	13,809,204	151,218
0	0	0	27,934	27,934	0	3,399,763	3,307,446	92,317
0	0	0	0	0	0	145,838	139,914	5,924
0	0	0	0	0	0	259,438	411,632	(152,194)
0	0	0	0	0	0	2,022,314	1,729,888	292,426
0	0	0	2,039	1,390	649	1,927,836	1,685,885	241,951
0	0	0	10,709	10,709	0	120,638	131,644	(11,006)
0	0	0	16,360	16,360	0	2,092,866	2,035,918	56,948
0	0	0	0	0	0	564,406	568,159	(3,753)
0	0	0	0	0	0	62,019	63,065	(1,046)
0	0	0	28,328	28,328	0	2,711,740	2,842,298	(130,558)
0	0	0	0	0	0	1,596,689	1,636,267	(39,578)
0	0	0	48,000	48,000	0	407,983	415,473	(7,490)
0	0	0	0	0	0	299,131	277,001	22,130
0	0	0	0	0	0	643,176	666,545	(23,369)
0	0	0	0	0	0	334,379	348,150	(13,771)
98,744	98,744	0	0	0	0	98,744	98,744	0
28,766	28,766	0	0	0	0	28,766	28,766	0
127,510	127,510	0	379,557	324,732	54,825	30,676,148	30,195,999	480,149
(127,510)	(29,110)	98,400	(91,557)	(30,589)	60,968	(1,078,731)	248,208	1,326,939
0	0	0	0	0	0	10,238	18,939	8,701
0	0	0	0	0	0	0	109,548	109,548
0	0	0	0	0	0	0	(109,548)	(109,548)
0	0	0	0	0	0	459,631	584,593	124,962
0	0	0	(13,725)	(13,725)	0	(21,956)	(584,528)	(562,572)
0	0	0	(13,725)	(13,725)	0	447,913	19,004	(428,909)
(127,510)	(29,110)	98,400	(105,282)	(44,314)	60,968	(630,818)	267,212	898,030
29,110	29,110	0	158,240	158,240	0	2,425,940	2,425,940	0
(\$98,400)	\$0	\$98,400	\$52,958	\$113,926	\$60,968	\$1,795,122	\$2,693,152	\$898,030

**Mt. Healthy City School District  
 Combined Statement of Revenues, Expenses  
 And Changes in Retained Earnings  
 All Proprietary Fund Types  
 For the Year Ended June 30, 2001**

	<b>Proprietary Fund Types</b>		<b>Totals (Memorandum Only)</b>
	<b>Enterprise</b>	<b>Internal Service</b>	
<b>Operating Revenues:</b>			
Charges for Services	\$482,925	\$0	\$482,925
Miscellaneous Revenue	211,577	31,276	242,853
<b>Total Operating Revenues</b>	<b>694,502</b>	<b>31,276</b>	<b>725,778</b>
<b>Operating Expenses:</b>			
Salaries	683,045	0	683,045
Fringe Benefits	248,169	0	248,169
Purchased Services	48,570	0	48,570
Materials & Supplies	551,669	0	551,669
Depreciation	21,773	0	21,773
Other Operating Expenses	2,914	32,136	35,050
<b>Total Operating Expenses</b>	<b>1,556,140</b>	<b>32,136</b>	<b>1,588,276</b>
<b>Operating Income (Loss)</b>	<b>(861,638)</b>	<b>(860)</b>	<b>(862,498)</b>
<b>Non-Operating Revenues (Expenses):</b>			
Investment Revenue	5,521	0	5,521
Donated Commodities	110,404	0	110,404
Operating Grants - State & Local	43,401	0	43,401
Operating Grants - Federal	595,824	0	595,824
<b>Total Non-Operating Revenues</b>	<b>755,150</b>	<b>0</b>	<b>755,150</b>
<b>Net Income (Loss)</b>	<b>(106,488)</b>	<b>(860)</b>	<b>(107,348)</b>
<b>Retained Earnings, Beginning of Year</b>	<b>282,407</b>	<b>24,008</b>	<b>306,415</b>
<b>Retained Earnings, End of Year</b>	<b>\$175,919</b>	<b>\$23,148</b>	<b>\$199,067</b>

See accompanying notes.

**Mt. Healthy City School District  
Combined Statement of Cash Flows  
All Proprietary Fund Types  
For the Year Ended June 30, 2001**

	<b>Proprietary Fund Types</b>		<b>Totals (Memorandum only)</b>
	<b>Enterprise</b>	<b>Internal Service</b>	
<b>Cash Flows from Operating Activities:</b>			
Cash Received from Charges for Services	\$482,925	\$0	\$482,925
Cash Received from Miscellaneous Sources	213,407	31,276	244,683
Cash Payments for Personal Services	(894,907)	0	(894,907)
Cash Payments for Contract Services	(48,570)	0	(48,570)
Cash Payments for Supplies & Materials	(439,600)	0	(439,600)
Cash Payments for Other Expenses	(2,914)	(32,136)	(35,050)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(689,659)</b>	<b>(860)</b>	<b>(690,519)</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Cash Received from Operating Grants	708,927	0	708,927
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>708,927</b>	<b>0</b>	<b>708,927</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>19,268</b>	<b>(860)</b>	<b>18,408</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>174,383</b>	<b>24,008</b>	<b>198,391</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$193,651</b>	<b>\$23,148</b>	<b>\$216,799</b>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>			
Operating Income (Loss)	(\$861,638)	(\$860)	(\$862,498)
<b>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</b>			
Depreciation	21,773	0	21,773
Donated Commodities Used	110,404	0	110,404
<b>Changes in Assets and Liabilities:</b>			
(Increase) Decrease in Accounts Receivables	1,830	0	1,830
(Increase) Decrease in Materials & Supplies Inventory	5,063	0	5,063
Increase (Decrease) in Accrued Wages & Benefits	10,200	0	10,200
Increase (Decrease) in Compensated Absences Payable	26,017	0	26,017
Increase (Decrease) in Deferred Revenue	(3,308)	0	(3,308)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(\$689,659)</b>	<b>(\$860)</b>	<b>(\$690,519)</b>

See accompanying notes.

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
MOUNT HEALTHY CITY SCHOOL DISTRICT, OHIO**

**JUNE 30, 2001**

**A. DESCRIPTION OF THE DISTRICT**

The District was chartered by the Ohio State Legislature in 1832 when 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 approximately 178 support staff personnel and approximately 282 certificated full time teaching and administrative personnel to provide services to students and other community members.

The District is the 9th largest in Hamilton County in terms of enrollment. It currently operates 6 elementary schools, 2 middle schools (grades 7-8), and 1 high school (grades 9-12).

**B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**THE REPORTING ENTITY**

For financial reporting purposes the District's financial statements include all funds and account groups and component units for which the District is financially accountable based upon criteria set forth in GASB Statement 14. 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.



## BASIS OF PRESENTATION - FUND ACCOUNTING

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

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

### General Fund

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

### Special Revenue Funds

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

### Debt Service Fund

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

### Capital Projects Funds

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

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

### Enterprise Funds

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

### 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 Funds - Fiduciary Funds are used to account for the assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include 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:

#### General Fixed Assets Account Group

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

#### General Long Term Obligations Account Group

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

## 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 cost of services, or "capital maintenance," measurement focus. 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. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year, in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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.

## BUDGETARY DATA

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

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

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

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. Because the activity of agency funds are not budgeted, advances-in and advances-out do not equal on a budgetary basis due to an advance out (repayment of a previous advance) of \$65 made from an agency fund back to the general fund.

The District adopts an annual budget for all funds. 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 level of expenditures, which are the legal levels of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.

Any revisions that alter the total of any fund appropriation 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. All departments/functions and funds completed the year within the amount of their legally authorized appropriation.

Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during the fiscal year 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 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 equivalent of expenditures/expenses on a non-GAAP budgetary basis in order to demonstrate legal compliance.

## CASH AND INVESTMENTS

Cash received by the District is deposited in one bank account with individual fund balance integrity maintained throughout. Monies for all funds are maintained in these accounts or are temporarily used to purchase short-term cash equivalent investments (maturity date within three months of the date acquired). State statute authorizes the District to invest in obligations of the U.S. Treasury, commercial paper and repurchase agreements, and StarOhio. StarOhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. StarOhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940.

Under existing Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. All investment earnings accrue to the general fund except those specifically related to Food Services and Auxiliary Services. Interest revenue credited to the general fund during fiscal year 2001 amounted to \$263,092.

Investment earnings are allocated to these funds based on average monthly cash balances. Investment income earned in fiscal 2001 totaled \$271,077.

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

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

## RESTRICTED CASH

Restricted cash in the general fund represents cash and cash equivalents set aside to establish a budget stabilization reserve. A fund balance reserve has also been established.

## 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.

## 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 \$ 1000 and a useful life of less than 3 years. No depreciation is recognized for assets in the General Fixed Assets Account Group. The District does not possess any infrastructure.

Proprietary Funds - Fixed assets 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 is computed using the straight-line basis over the following estimated useful lives:

<u>Asset</u>	<u>Life (years)</u>
Furniture, Fixtures and Equipment	5 to 20

## INTERGOVERNMENTAL REVENUES

In governmental funds, entitlements and non-reimbursable grants are recorded as receivables and revenues when all eligibility requirements have been satisfied and the resources are available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred and the resources are available. Grants for proprietary fund operations are recognized as revenue when all eligibility requirements have been satisfied or when earned, to the extent revenues are collectible and measurable.

## 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 loans payable/receivable, while long-term interfund loans (greater than one year in length) are recorded as advances to/from other funds.

## COMPENSATED ABSENCES

GASB Statement 16 specifies that compensated absences should be accrued as they are earned by employees if both 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-Certificate</u>
How earned	Not Eligible	15-20 days service at start of each contract year	10-20 days for each year depending on length of service
Maximum Accumulation	Not Applicable	Unlimited	Unlimited
Vested	Not Applicable	As Earned	As Earned
Termination Entitlement	Not Applicable	Paid upon Termination	Paid upon Termination
<u>Sick Leave</u>			
How Earned	1-1/2 days per month of employment (18 days per year)	1-1/2 days per month of employment (18 days per year)	1-1/2 days per month of employment (18 days per year)
Maximum Accumulation	265 days	265 days	265 days
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 its respected 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. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

## LONG-TERM OBLIGATIONS

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

## FUND EQUITY

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available spendable resources and therefore are not available for appropriations for expenditures. 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 budgetary set asides.

## ESTIMATES

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

## MEMORANDUM ONLY-TOTAL COLUMNS

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

## AUTHORITATIVE SOURCES

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.

## **C. EQUITY IN POOLED CASH AND INVESTMENTS**

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



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

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

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

Interim Monies - Those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Ohio law permits interim monies to 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 and interest by the United States;
2. Bonds, notes, debentures or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. 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 monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interest 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 these securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end the unobligated or carrying amount of the District's deposits was \$1,094,140. The bank balance was \$2,085,269. Of the bank balance \$200,000 was covered by federal depository insurance and the remaining balance was covered by collateral held by third party trustees pursuant to Section 135.181 Ohio Revised Code, in collateral pools securing all public funds on deposit with specific depository institutions.

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 investment for which the securities are held by the broker's or dealer's trust department or agent in the District's name. CATEGORY 3 includes uninsured and unregistered investments for which the securities are held by the broker to dealer or by its department or agent, but not in the District's name.

Based on the above criteria, the District's investments at year-end are classified as follows:

	Carrying Value/ <u>Fair Value</u>
State Treasury Pool (1)	\$2,181,639

(1) The District's investment in the Ohio State Treasurer's Pool is not categorized because it is not evidenced by securities that exist in physical or book entry form.

Ohio Revised Code Chapter 135, 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 repayment of all public monies deposited in the financial institution, provided that at all times the total value of the securities so pledged is at least equal to 105% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

#### D. INTERFUND RECEIVABLES/PAYABLES

Interfund balances at year-end consisted of the following individual fund receivables and payables.

<u>Fund</u>	<u>Interfund Loan Receivable</u>	<u>Interfund Loan Payable</u>
General	\$ 161,479	\$ 5,521
Special Revenue	4,066	158,137
Agency	0	22
Enterprise	<u>5,521</u>	<u>7,386</u>
TOTAL ALL FUNDS	<u>\$171,066</u>	<u>\$171,066</u>

#### E. 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 2001 were based are as follows:

Tangible Personal Real estate	\$ 40,832,390 <u>266,876,700</u>
Total assessed property value	<u>\$307,709,090</u>

In 2001, real property taxes were levied in January on the assessed values as of January 1, 2000, 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 2000. 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 2001, each business was eligible to receive a \$10,000 exemption in assessed value, which was reimbursed by the State.

Real property taxes are payable annually or semi-annually. In 2001, 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 year-end. Delinquent property taxes collected within 60 days are included as a receivable and tax revenue as of year end. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is

intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations.

## F. FIXED ASSETS

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Land & Land Improvements	\$ 2,870,237	\$ 0	\$ 0	\$2,870,237
Building & Building Improvements	10,494,830	0	0	10,494,830
Furniture & Equipment	<u>3,515,235</u>	<u>322,164</u>	<u>0</u>	<u>3,837,399</u>
Total	<u>\$16,880,302</u>	<u>\$322,164</u>	<u>\$ 0</u>	<u>\$17,202,466</u>

A summary of the Proprietary Fund fixed assets at fiscal year-end:

Land, Building, Furniture and Equipment	\$ 545,855
Less: Accumulated Depreciation	<u>(368,452)</u>
Net Fixed Assets - Proprietary Fund	<u>\$177,403</u>

## G. LONG-TERM OBLIGATIONS

During the year ended June 30, 2001, the following changes occurred in liabilities reported in the District's long-term obligations. Compensated absences will be paid from the fund from which the employee is paid.

	Principal Outstanding <u>June 30, 2000</u>	Additions	Deductions	Principal Outstanding <u>June 30, 2001</u>
Energy Conservation Loan 1995 5.35%	\$582,507	\$0	\$98,744	\$483,763
Accrued Wages & Benefits	146,695	23,452	0	170,147
Compensated Absences	<u>1,315,530</u>	<u>0</u>	<u>74,395</u>	<u>1,241,135</u>
Total	<u>\$2,044,732</u>	<u>\$23,452</u>	<u>\$173,139</u>	<u>\$1,895,045</u>

Energy Conservation Loan – On July 27, 1995, Mt. Healthy City School District obtained a \$1,000,000 unvoted general obligation loan for the purpose of providing energy conservation measures for the District, under the authority of Ohio Revised Code sections 133.06(g) and 3313.372. The loan was obtained for a ten year period with final maturity during year 2005. The loan will be retired from the debt service fund.

Principal and interest requirements to retire the energy conservation loan outstanding at June 30, 2001, are as follows:

	<u>Fiscal year</u> <u>Ending June 30,</u>	<u>Total</u>
	2002	\$127,510
	2003	127,510
	2004	127,510
	2005	127,510
	Thereafter	<u>31,878</u>
Total Loan Payments		\$541,918
Less:		
Amount Representing Interest		<u>58,155</u>
Total Principal Balance		<u>\$483,763</u>

#### H. SEGMENT INFORMATION

Enterprise Funds - The District maintains two Enterprise Funds to account for the operation of Food Service 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 current year end.

	<u>Food</u> <u>Service</u>	<u>Adult</u> <u>Education</u>	<u>Total</u>
Operating Revenues	\$482,925	\$211,577	\$694,502
Operating Expenses before depreciation	1,311,194	223,173	1,534,367
Depreciation	21,773	0	21,773
Operating Income (Loss)	(850,042)	(11,596)	(861,638)
Donated Commodities	110,404	0	110,404
Operating Grants and other non-operating revenues	644,746	0	644,746
Net Income (Loss)	(94,892)	(11,596)	(106,488)
Net Working Capital	8,303	(9,787)	(1,484)
Total Assets	392,930	13,653	406,583
Total Liabilities	207,224	23,440	230,664
Total Equity	185,706	(9,787)	175,919

## **I. 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 the fiscal year, Indiana Insurance Company provided insurance to the District. Great American Insurance Company provides Liability Insurance coverage with a \$3,000,000 aggregate limit to all employees and volunteers of the school district.

All vehicles are insured by Nationwide Insurance Company and hold a \$250 deductible for comprehensive and collision. Automobile liability has a \$1,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past ten years.

The District carries performance bonds in the amount of \$20,000 for the Superintendent, Treasurer and Board President by Fidelity and Deposit Company of Maryland. The Indiana Insurance Co. also maintains a \$5,000 public officials blanket bond for all employees. The District pays the Ohio State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The District provides a minimum of \$45,000 life insurance and accidental death and dismemberment insurance policy to all employees through Union Central Life Insurance Co.

The District offers Medical/Surgical/Hospitalization Insurance benefits to all employees through Choice Care, which is a Health Care Maintenance Organization. The board pays the monthly fixed premium for family or single benefits.

## **J. EMPLOYEE RETIREMENT SYSTEMS**

### **SCHOOL EMPLOYEES RETIREMENT SYSTEM**

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

Plan members are required to contribute 9% of their annual covered salary and the Mt. Healthy City School District is required to contribute 14%. The District is required to contribute at an actuarially determined rate, which may be amended up to statutory maximum amounts established by SERS's Retirement Board, within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's contributions to SERS for the years ending June 30, 2001, 2000 and 1999 were \$561,516, \$494,772 and \$463,986, respectively; 46% has been contributed for fiscal year 2001 and 100% for the fiscal years 2000 and 1999.

## STATE TEACHERS RETIREMENT SYSTEM

The Mt. Healthy City School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised code. STRS issues a publicly available financial report that includes financial statement 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 Mt. Healthy City School District is required to contribute 14%. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's contributions to STRS for the years ending June 30, 2001, 2000, and 1999 were \$2,021,544, \$1,843,992 and \$1,730,028, respectively; 82% has been contributed for fiscal year 2001 and 100% for the fiscal years 2000 and 1999.

## SOCIAL SECURITY SYSTEM

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2001, one of the five board of education members have elected Social Security. The Board's liability is 6.2% of wages paid.

## **K. EMPLOYEE RETIREMENT SYSTEMS**

### POSTEMPLOYMENT BENEFITS

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% 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 Fund Allocation for the year ended June 30, 2001 will be 4.5% of covered payroll.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3.149 billion at June 30, 2000. For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS has 99,011 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% of the premium.

For this fiscal year, employer contributions to fund health care benefits were 8.45% of covered payroll, an increase from 6.30% for fiscal year 2000. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For 2000, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14% 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% of annual health care expenses. Expenses for health care at June 30, 2000, were \$140,696,340 and the target level was \$211.0 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

#### L. 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:

<b>Reconciliation of Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses From GAAP Basis to Budgetary Basis</b>				
<u>Governmental Fund Type</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
GAAP Basis	(\$1,022,902)	\$252,396	(\$29,112)	(\$ 1,399)
Net Adjustment for Revenue Accruals	1,075,472	117,378	2	(1)
Net Adjustment for Expenditure Accruals	657,518	(382,460)	0	(13,725)
Encumbrances	<u>(232,059)</u>	<u>(124,708)</u>	<u>0</u>	<u>(29,189)</u>
Budgetary Basis	<u>\$ 478,029</u>	<u>(\$137,394)</u>	<u>(\$29,110)</u>	<u>(\$44,314)</u>



## **M. CONTINGENT LIABILITIES**

### GRANTS

The District receives significant financial assistance from numerous federal, state and local agency's 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 fiscal year end.

## **N. JOINTLY GOVERNED ORGANIZATION**

The Hamilton/Clermont Cooperative Association (H/CCA) is a jointly governed organization consisting of 24 school districts. The joint venture was formed for the purpose of applying modem technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the governments of these school supports H/CCA and share in a percentage of the operations based on the resources provided. H/CCA is governed by a board of directors consisting of the superintendents of the member school districts. The degree of control exercised by any participating School District is limited to its representation on the board. The board consists of one representative from each of the participating 24 school districts.

## **O. STATE SCHOOL FUNDING DECISION**

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of February 22, 2002, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

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

**P. STATUTORY RESERVES**

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various revenues. During the fiscal year ended June 30, 2001, the reserve activity (cash-basis) was as follows:

	Textbook Reserve	Capital Maintenance Reserve	Budget Stabilization Reserve
Balance, Beginning of Year	\$ 0	\$ 0	\$ 168,887
Required Set-Aside	528,076	528,076	0
Offset Credits	0	0	0
Qualifying Expenditures	<u>(528,076)</u>	<u>(528,076)</u>	<u>0</u>
Balance, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$168,887</u>

Expenditures for textbook activity during the year totaled \$811,888, which exceeded the amount required for the set-aside.

Expenditures for capital activity during the year totaled \$1,008,136, which exceeded the amount required for the set-aside.

Senate Bill 345 eliminated the Budget Stabilization Reserve, except for amounts related to unspent Bureau of Worker’s Compensation refunds. The Bill stipulates that the Board of Education can retain the reserve account or use the reserve for specific discretionary purposes.

**Q. CHANGES IN ACCOUNTING PRINCIPLES**

For the fiscal year ended June 30, 2001, the District has implemented GASB Statement No. 33, “Accounting and Financial Reporting for Nonexchange Transactions” and GASB Statement No. 36 “Recipient Reporting for Certain Shared Nonexchange Revenues”, which changes when the District reports certain types of revenues. The implementation of these pronouncements resulted in a restatement of beginning fund balances in the Special Revenue Funds. The adjustments resulted in the following restatement of beginning fund balances:

Fund Balances, June 30, 2000	(\$408,284)
Implementation of GASB 33 and 36	<u>200,512</u>
Restated Fund Balances, July 1, 2000	<u>(\$207,772)</u>

**MT. HEALTHY CITY SCHOOL DISTRICT**  
Schedule of Federal Awards Expenditures  
For the Year Ended June 30, 2001

Federal Grantor / Pass Through Grantor / Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Expenditures
<b><u>U.S. Department of Agriculture</u></b>				
<i>Passed Through Ohio Department of Education:</i>				
Nutrition Cluster:				
School Breakfast Program	05-PU	10.553	\$108,651	\$108,651
National School Lunch Program	LL-P1/P4	10.555	474,640	474,640
			<u>583,291</u>	<u>583,291</u>
Child and Adult Care Food Program	21-ML	10.558	82,235	82,235
<b>Total U.S. Department of Agriculture</b>			<u>665,526</u>	<u>665,526</u>
<b><u>U.S. Department of Education</u></b>				
<i>Passed Through Ohio Department of Education:</i>				
Title I Grants to Local Educational Agencies	C1-S1	84.010	587,827	657,737
Title I Accountability Grant	AK-S1	84.348	222,389	189,676
Even Start	EV-S4	84.213	120,096	107,409
Special Education Cluster:				
Special Education - Grants to States	6B-SF	84.027	452,012	543,711
Special Education - Handicapped Preschool	PG-S1	84.173	18,109	18,109
			<u>470,121</u>	<u>561,820</u>
Safe and Drug-Free Schools and Communities	DR-S1	84.186	20,485	37,651
Goals 2000: Improvement Grants	G2-S1	84.276	45,000	45,122
Eisenhower Professional Development Grant	MS-S1	84.281	18,253	16,486
Innovative Educational Program Strategies	C2-S1	84.298	25,631	20,427
Technology Literacy Challenge Grant	TF-15	84.318	25,000	25,105
Class Size Reduction	CR-S1	84.340	167,384	194,706
<b>Total U.S. Department of Education</b>			<u>1,702,186</u>	<u>1,856,139</u>
<b><u>U.S. Department of Labor</u></b>				
<i>Passed through Ohio Department of Education:</i>				
School to Work	WK-BE	84.278	54,028	54,028
<b>Total U.S. Department of Labor</b>			<u>54,028</u>	<u>54,028</u>
<b><u>U.S. Department of Health and Human Services</u></b>				
<i>Passed through Ohio Department of Mental Retardation:</i>				
Medical Assistance Program	3100441	93.778	116,106	116,106
<b>Total U.S. Department of Health and Human Services</b>			<u>116,106</u>	<u>116,106</u>
<b>Total Federal Financial Assistance</b>			<u>\$2,537,846</u>	<u>\$2,691,799</u>

**Note 1 - Noncash Federal Financial Assistance**

During the year ended June 30, 2001, the District received \$107,513 and used \$110,404 in fair value inventory under the Nutrition Cluster - Food Distribution (Commodities) Program, Federal CFDA Number 10.550, that is not reported in the above schedule. At June 30, 2001, the District had no significant food commodities inventory.

**Note 2 - Significant Accounting Policies**

The District prepares its Schedule of Federal Awards Expenditures on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.

# J. L. UHRIG & ASSOCIATES, INC.

Certified Public Accountants

78 North Plaza Blvd.  
Chillicothe, OH 45601  
(740) 775-8448  
FAX: (740) 775-8442

## **Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

Board of Education  
Mount Healthy City School District  
7615 Harrison Avenue  
Cincinnati, Ohio 45231

We have audited the financial statements of the Mt. Healthy City School District (the District), as of and for the year ended June 30, 2001 and have issued our report thereon dated February 22, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

### **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 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 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 certain matters involving the internal control over financial reporting that we have reported to the management of the District in a separate letter dated February 22, 2002.

This report is intended for the information and use of the Board of Education, management, 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.

## **J. L. Uhrig & Associates, Inc.**

J. L. UHRIG & ASSOCIATES, INC.  
Certified Public Accountants

February 22, 2002

**Report on Compliance with Requirements Applicable to Each Major  
Program and Internal Control over Compliance in Accordance with  
OMB Circular A-133**

Board of Education  
Mount Healthy City School District  
7615 Harrison Avenue  
Cincinnati, Ohio 45231

**Compliance**

We have audited the compliance of Mt. Healthy City School District (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2001. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs 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 auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance 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 year ended June 30, 2001.

**Internal Control over Compliance**

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

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

Board of Education  
Mt. Healthy City School District  
Report on Compliance with Requirements Applicable to Each Major  
Program and Internal Control over Compliance in Accordance with  
OMB Circular A-133

This report is intended for the information and use of the Board of Education, management, 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.

## **J. L. Uhrig & Associates, I nc.**

J. L. UHRIG & ASSOCIATES, INC.  
Certified Public Accountants

February 22, 2002

**MT. HEALTHY CITY SCHOOL DISTRICT**  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2001

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

<b>1. Type of Financial Statement Opinion</b>	Unqualified
<b>2. Were there any material internal control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>3. Were there any other reportable internal control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>4. Was there any material noncompliance reported at the financial statement level (GAGAS)?</b>	No
<b>5. Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>6. Were there any other reportable internal control weaknesses reported for major federal programs?</b>	No
<b>7. Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>8. Are there any reportable findings under § .510?</b>	No
<b>9. Major Programs (list):</b>	Title I Grants to Local Educational Agencies - CFDA # 84.010 Title I Accountability Grants - CFDA #84.348 Even Start - CFDA #84.213
<b>10. Dollar Threshold: Type A/B Programs</b>	Type A: >\$300,000 Type B: All Other Programs
<b>11. Low Risk Auditee?</b>	Yes

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

There were no findings related to the financial statements required to be reported in accordance with GAGAS.

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

There were no findings and questioned costs for federal awards.







STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**MOUNT HEALTHY CITY SCHOOL DISTRICT**

**HAMILTON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
APRIL 9, 2002**